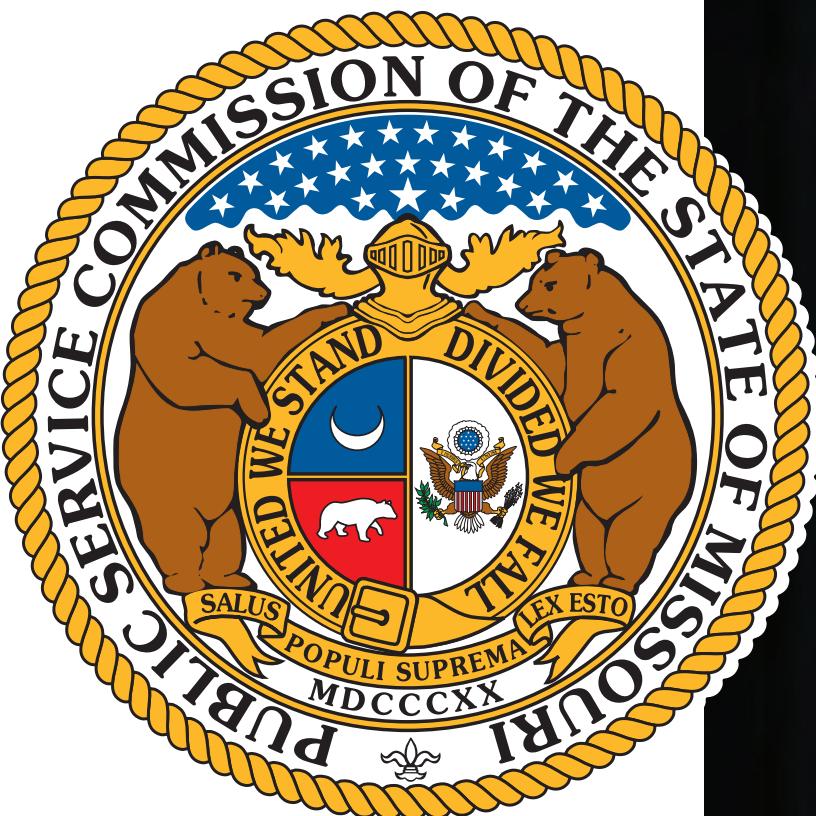
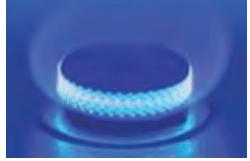


2012 Annual Report



Missouri
Public
Service
Commission





Commissioners
KEVIN D. GUNN
Chairman
TERRY M. JARRETT
ROBERT S. KENNEY
STEPHEN M. STOLL

WESS A. HENDERSON
Director of Administration
and Regulatory Policy

STEVEN C. REED
Secretary/General Counsel

CHERLYN D. VOSS
Director of Regulatory Review

Missouri Public Service Commission

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October 15, 2012

The Honorable Jeremiah W. Nixon
Governor of Missouri
State Capitol
Jefferson City, Missouri

Dear Governor Nixon:

As Chairman of the Missouri Public Service Commission, it is my pleasure to submit the agency's annual report for the fiscal year July 1, 2011 through June 30, 2012, as well as additional information for the calendar year 2012.

Some of the highlights of the Commission's work this year include:

- **Major Rate Cases:** Issued a decision in a rate case filed by the Missouri-American Water Company, the largest water company under PSC jurisdiction. In addition, began to adjudicate major electric rate cases filed by all of the electric companies under our jurisdiction (Ameren Missouri, Kansas City Power & Light Company, The Empire District Electric Company and KCP&L-Greater Missouri Operations Company). Decisions in all of these cases will be made during the 2013 fiscal year. These electric companies serve over 1.9 million customers in Missouri.
- **Energy Efficiency:** Finalized rules in May 2011 to implement the Missouri Energy Efficiency Investment Act. In December 2011, a couple electric utilities made filings with the PSC requesting approval of demand-side programs and demand-side program investment mechanisms.
- **Customer Service:** Commission staff responded to more than 22,000 consumer-related contacts in 2012.
- **Customer Outreach:** Developed and held in St. Louis and Kansas City "Utility Days" where customers can meet with regulators, consumer advocates and utility companies to discuss issues or problems they might have with their service. We also developed a speaker's bureau and continued to publish the "PSC Connection" magazine.
- **Local Public Hearings:** Continued to hold several local public hearings across the state to receive customer comment on rate cases before the Commission. These hearings also provide the PSC with a means to educate consumers on the role of the Commission and to answer questions they may have about the Commission or the utility services they receive.
- **Open Proceedings:** Consumers can access the Commission's website and view, in real time, hearings in cases before the Commission or watch the Commission conduct business in its weekly agenda meeting. In addition, consumers can view all public information in a case before the PSC by accessing the website (www.psc.mo.gov).
- **Cyber security Practices:** Received information, in response to an order, to review and address effective cyber security practices for protecting essential electric utility infrastructure.
- **Low-Income Customer Class:** Opened an investigation into the establishment of a low-income customer class or other means to help make utility service affordable.

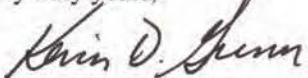
- **Rate Case Expense:** Opened a case to determine whether changes should be made to current rules regarding recovery of rate case expense costs by a utility who has filed a rate case with the PSC.
- **Rate Stabilization Mechanism:** Opened an investigation into the establishment of a rate stabilization mechanism to reduce the need for frequent rate case filings.
- **Tariff Liability Language:** Opened a case to investigate tariff provisions limiting liability for damages.
- **Federal Environmental Regulations:** Opened an investigation into the cost of complying with federal environmental regulations. During the fiscal year, workshops were held and input received from various stakeholders, indicating compliance could cost as much as \$1.98 billion to \$3.276 billion.
- **Federal Activity:** Continued to be a strong and active voice for Missourians monitoring federal issues before the Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC).
- **Telecommunications Activity:** Approved several filings made to comply with the reforms instituted by the FCC designed to modify intercarrier compensation and to reduce and eliminate fraud and abuse associated with the Federal Universal Service Fund. Tightened requirements for Commission designation that allows providers to receive State and Federal Universal Service Funds.

In April 2013, we will recognize 100 years of service to the citizens of Missouri. From regulating street cars and railroads in 1913, to telephone divestiture, the construction of nuclear power plants and working to meet the future energy needs of our state, the Public Service Commission has, and will continue to have, a major impact on the citizens and economy of our great state.

While the utility regulation landscape has certainly changed over the past 100 years, our mission remains the same as it was when the PSC heard its first case and rendered its first decision in April 1913. The Commission continues its work to assure Missouri's rate paying customers receive safe and adequate service at just and reasonable rates.

I hope that you will find this report helpful and useful. If there is any additional information that we can provide, please contact me.

Very truly yours,



Kevin D. Gunn
Chairman

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BUDGET

Fiscal Year 2013

Public Service Commission

Public Service Commission - Personal Service	\$10,466,145
Public Service Commission - Expense & Equipment	\$1,927,491
Public Service Commission - Refunds*	<u>\$10,000</u>
Total	\$12,403,636

Full-Time Employees (F.T.E.)	194.00
Office of Public Counsel - Personal Service	\$612,176
Office of Public Counsel - Expense & Equipment	<u>\$96,497</u>
Total	\$708,673

Full-Time Employees (F.T.E.)	12.00
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Deaf Relay Service and Equipment Distribution Program

Expense & Equipment Appropriation	<u>\$2,499,750</u>
Total	\$2,499,750
Full-Time Employees (F.T.E.)	0.00

Manufactured Housing Department

Personal Service	\$347,948
Expense & Equipment	\$141,296
Program Specific Distribution & Refunds (MH)	\$20,000
MH - Refunds*	<u>\$10,000</u>
Subtotal	\$519,244

Program Specific Distribution MH Consumer Recovery**	<u>\$192,000</u>
Total	\$711,244
Full-Time Employees (F.T.E.)	8.00

TOTAL BUDGET	\$16,323,303
TOTAL F.T.E.	214.00

*Refund appropriations are estimated appropriations.

**Consumer Recovery Fund Appropriation

COMMISSIONER BIOGRAPHIES



KEVIN GUNN

Chairman

Chairman Kevin Gunn was appointed to the Missouri Public Service Commission on March 13, 2008, by Governor Matt Blunt. He was confirmed by the Missouri State Senate on April 10, 2008 and sworn in on April 21, 2008. He was appointed as chairman by Gov. Jay Nixon on February 10, 2011.

Prior to his appointment to the Commission, Gunn was an attorney in private law practice in St. Louis with the law firm of Sonnenschein, Nath and Rosenthal.

In 2000, Chairman Gunn joined the Gephardt in Congress Committee, working on the congressional campaign of Democratic Leader Richard A. Gephardt. He continued working for the committee until 2003. During his tenure, Mr. Gunn also worked on congressional redistricting in Missouri and was appointed by Governor Bob Holden to serve on the Missouri Commission on Reapportionment for the representative districts.

From January 2003 until January 2005, Chairman Gunn was chief of staff to Rep. Richard Gephardt overseeing all Congressional operations in Washington D.C. and St. Louis. Upon Representative Gephardt's retirement in January 2005, Mr. Gunn formed Gunn Communications LLC. In 2005, Chairman Gunn left Gunn Communications LLC to begin work for several large St. Louis law firms, practicing primarily in the area of governmental affairs.

Chairman Gunn received his Bachelor of Arts in political science from American University in 1992 and earned his Juris Doctor from St. Louis University School of Law in 1996. While in law school, Gunn worked for the Missouri Attorney General's office and interned for Federal District Judge George F. Gunn (no relation).

In 2008, Gunn was awarded an Eisenhower Fellowship. In May 2009, he traveled to Australia to study energy and economic development, carbon pollution reduction

schemes, renewable energy targets and carbon capture and sequestration.

Also in May 2009, Chairman Gunn was appointed to the National Association of Regulatory Utility Commissioners (NARUC) Board of Directors and currently serves on the Committee on International Relations. In September 2009, Chairman Gunn was appointed Co-Chair of the NARUC Washington Action Program and in January 2012, he was appointed to the NARUC Committee on Electricity. Chairman Gunn is a member of the Executive Committee of the Eastern Interconnection States' Planning Council (EISPC) and the Eastern Interconnection Planning Collaborative (EIPC) and the EIPC Stakeholder Steering Committee (SSC).

In February 2012, Chairman Gunn was honored to receive the Terry Barnich Award on behalf of the Missouri Commission and Staff for their partnership with Moldova. This new award was presented by his colleagues in honor of former Illinois Commerce Commission Chair Terry Barnich, who was killed in Iraq working to improve their utility infrastructure.

Gunn formerly served as the Chairman of the St. Clare Hospital Foundation Board. He has also served on the Webster Groves City Council, the St. Louis County Fire Standards Commission and the St. Louis Regional Chamber and Growth Association Public Policy Council.

Chairman Gunn is married to Amy Collignon Gunn, an attorney, and has two sons Connor and Nathan.

TERRY M. JARRETT, *Commissioner*

Commissioner Terry M. Jarrett was appointed by Governor Matt Blunt to the Missouri Public Service Commission for a six-year term on September 11, 2007. Commissioner Jarrett received unanimous Senate confirmation on January 17, 2008.

Commissioner Jarrett serves as Chairman of the Missouri Universal Service Board, which was established on March 31, 2002 to help low-income and disabled Missourians receive additional discounts for basic local telephone service. He additionally serves, by gubernatorial appointment, on the Committee on 911 Service Oversight. This committee has a variety of responsibilities, including aiding in and collecting information relating to use of a universal emergency telephone number, reviewing existing and proposed legislation and providing recommendations for model systems in preparing a model 911 service plan.



BIOGRAPHIES

Commissioner Jarrett is a member of the National Association of Regulatory Utility Commissioners (NARUC). He serves on the NARUC Board of Directors and is Chairman of the NARUC Critical Infrastructure Committee, a member of the NARUC Gas Committee and the NARUC/FERC Smart Response Collaborative. Commissioner Jarrett is also a member of the NARUC Subcommittee on Clean Coal and Carbon Sequestration and a member of the Energy Bar Association. Commissioner Jarrett was invited recently and accepted a position on the Research Advisory Committee (RAC) of the National Regulatory Research Institute (NRRI).

He is also a member of the New Mexico State University Center for Public Utilities Advisory Council. The Advisory Council assists the Center for Public Utilities in providing educational and research services to the energy, water and telecommunications industries, and regulatory commissions.

Prior to his appointment to the PSC, Commissioner Jarrett was the Presiding Commissioner of the Administrative Hearing Commission. He formerly served as general counsel to Matt Blunt in both the Office of the Governor and the Office of the Secretary of State.

Commissioner Jarrett has practiced law as a private attorney and served as a judicial law clerk to the Honorable Duane Benton at the Supreme Court of Missouri. A veteran, he served as a Judge Advocate officer in the Army Reserves and Missouri Army National Guard from 2002-2010.

Commissioner Jarrett received a B.S. degree from Central Missouri State University (now the University of Central Missouri) and a J.D. degree from the University of Missouri-Columbia School of Law. While in law school, he was Editor-in-Chief of the Missouri Law Review. In 2005, Jarrett was honored with the Most Recent Distinguished Graduate Award by the University of Missouri-Columbia, School of Law.

Commissioner Jarrett is a member of the Cole County Bar, as well as the Missouri Bar where he is active on several committees, including serving as the chair of the Military Law Committee. He routinely lectures on administrative law, military law and other regulatory issues.

Commissioner Jarrett and his wife, Joan, live in Jefferson City. They have four children.

renewable energy standards, smart grid deployment, customer engagement, integrated resource planning, environmental compliance, and market monitoring.

Prior to his appointment to the PSC, Commissioner Kenney served as Missouri Attorney General Chris Koster's Chief of Staff.

As Chief of Staff, Commissioner Kenney was instrumental in leading the office through the transition process. He was responsible for overall management of the Attorney

General's attorney and non-attorney employees in five offices throughout the state. Commissioner Kenney was also responsible for managing and litigating complex cases involving, among other things, election law, petition initiatives, and representation of statewide elected officials. Commissioner Kenney was also tasked with monitoring and advocating on behalf of legislation affecting the Attorney General's Office. As a part

of the executive leadership team, Commissioner Kenney was responsible for the management and administration of a \$23 million budget. Commissioner Kenney also acted as the primary contact and liaison with multiple constituencies including the Missouri General Assembly, statewide elected officials, local/municipal elected officials and leaders, and the labor, law enforcement, agriculture, minority, and other communities.

Before working for the Attorney General, Commissioner Kenney was a shareholder at the St. Louis law firm Polsinelli Shalton Flanigan Suelthaus PC (now Polsinelli Shughart), where he practiced in the commercial and business litigation practice group and the product liability practice group. He litigated complex cases in state and federal courts in Missouri, Illinois, and other courts throughout the country. Commissioner Kenney chaired Polsinelli's diversity committee and served on the firm's recruiting committee.

Prior to his time in private practice at Polsinelli, Commissioner Kenney was an Assistant Attorney General in the Missouri Attorney General's Office for nearly three years, practicing in the Consumer Protection Division. In that division, Commissioner Kenney worked to enforce state and federal consumer protection laws. Commissioner Kenney also served the community by implementing community education and outreach efforts. Commissioner Kenney also played an instrumental role in the initial implementation and enforcement of Missouri's Telemarketing No-Call List Law.

Commissioner Kenney remains actively involved in a host of civic and bar related activities. Commissioner Kenney is a member of the Missouri Bar Board of Governors. Commissioner Kenney served as the Co-Chair of the 2009-2010 Missouri Bar Leadership Academy. He is Vice-Chair of the Missouri Bar's Twenty-Second Circuit Judicial Evaluation



ROBERT S. KENNEY, *Commissioner*

Commissioner Robert S. Kenney was appointed to the Missouri Public Service Commission on July 29, 2009 by Governor Jay Nixon. He was unanimously confirmed by the Missouri State Senate on January 13, 2010.

Commissioner Kenney is an active member of the National Association of Regulatory Utility Commissioners. He serves on the Committee on Energy Resources and the Environment, the Consumer Affairs Committee, the Subcommittee on Utility Market Place Access, and the International Relations Committee. He currently serves as the President of the Organization of MISO States.

Commissioner Kenney has been invited to speak and present on a variety of legal and energy related topics including general and emerging issues in regulatory policy,

BIOGRAPHIES

Committee and Vice-Chair of the Missouri Bar's Environmental and Energy Law Committee. Commissioner Kenney is a past President of the Mound City Bar Association. Commissioner Kenney has also served as a member of the board of governors of the Bar Association of Metropolitan St. Louis, serving as a presidential liaison.

Commissioner Kenney has served on the Board of Trustees for Fontbonne University, the Board of Directors for The St. Louis Black Repertory Theater, and the Board of Directors for the Portfolio Gallery and Educational Center. Commissioner Kenney is a member of Alpha Phi Alpha Fraternity, Inc., Epsilon Lambda Chapter.

Commissioner Kenney was selected to receive the St. Louis Business Journal's 2009 Inclusive Leadership Award. Commissioner Kenney was named to the St. Louis Business Journal's Class of 2009 40 Under 40. He was also recognized in the 2008 Missouri and Kansas Super Lawyers, as a "Rising Star" in the Business Litigation practice area. Commissioner Kenney was also selected to appear in the Fifth and Sixth Editions of Who's Who In Black St. Louis.

Commissioner Kenney earned his undergraduate degree in 1994 from Hampton University in Hampton, Virginia. He earned his law degree in 1998 from Saint Louis University School of Law. While in law school, Commissioner Kenney was an Articles Editor for the Saint Louis University Public Law Review. He was also a member of the National Moot Court Team and the Moot Court Board. He is licensed to practice law in Missouri and Illinois (inactive). He is a member of the American Bar Association, the Energy Bar Association, and the Mound City Bar Association.

Commissioner Kenney is married to Michelle (Oakley) Kenney. They have two children: daughter, Mackenzie; and son, Robert, Jr. They live in the Carondelet neighborhood in the City of St. Louis, Missouri.

STEPHEN M. STOLL, *Commissioner*

Stephen M. Stoll was born and raised in Jefferson County, Missouri. He received a Bachelor of Arts degree in political science from the University of Missouri-Columbia in 1970 and a Master of Education degree from the University of Missouri-St. Louis in 1979.

After receiving his undergraduate degree, Commissioner Stoll served in the U.S. Army, was honorably discharged and worked as a classroom teacher in Jefferson County schools. While teaching various social studies classes for 20 years, he was elected to the city council in Crystal City from 1983-1992.

In 1992, Commissioner Stoll was elected to the Missouri House of



Representatives (District 103) and served three consecutive terms. He served on several committees while in the Missouri House and was the chairman of the House Elementary and Secondary Education Committee.

In 1998, Commissioner Stoll was elected to the first of two, four-year terms to the Missouri Senate. He served the 22nd District, which encompassed the northern two-thirds of Jefferson County. During his tenure in the Senate, Commissioner Stoll served on various committees, including Commerce & Environment, Local Government and Economic Development, Ways & Means and the Senate Appropriations Committee.

In 2005, then-Senator Stoll resigned his seat in the legislature to become the City Administrator of the City of Festus – his hometown – a position he held for four years.

In May of 2009, he was named Director of Administration for Jefferson County. He became the first director to serve under the Home Rule Charter of Jefferson County and held that position until taking the oath of office to become a Public Service Commissioner on December 20, 2011.

Commissioner Stoll is involved in the following community activities:

- Member, American Legion Post 253
- Member, Knights of Columbus, Council 1230
- Member, Board of Managers, Jefferson County Family YMCA
- President, Governor Thomas C. Fletcher House Foundation
- President, Jefferson County Municipal League
- Member, Board of the Mid-East Area Agency on Aging (MEAAA)

Commissioner Stoll and his wife, Kathy, have four children (Emily Stoll, deceased) and five grandchildren.

JEFF DAVIS, *Commissioner*



Jeff Davis was appointed to the Missouri Public Service Commission on April 30, 2004 and was named Chairman by Governor Blunt on January 10, 2005. Commissioner Davis was re-appointed to a full six-year term in April 2006. He served as chairman until January 13, 2009.

Commissioner Davis served as a member of the Missouri Universal Service Board, the Financial Research Institute Advisory Board and the National Association of Regulatory Utility Commissioners (NARUC).

He resigned in December 2011.

KEY PSC PERSONNEL

Commissioners

Kevin D. Gunn, Chairman 751-0946
Terry M. Jarrett, Commissioner 751-3243
Robert S. Kenney, Commissioner 751-4132
Stephen M. Stoll, Commissioner 751-4221

Administration and Regulatory Policy Division

Wess Henderson, Director 751-7435
Beth Oetting
Manager-Human Resources 751-5606
Robert Boone, Legislative Coordinator 522-8708
John Hanauer
Manager-Information Services 522-2453
EFIS Toll-Free Help Desk 1-866-365-0924
Kevin Kelly
Public Information Administrator 751-9300
Gregg Ochoa
Public Information Coordinator 522-2760

Secretary/General Counsel Division

Steven Reed, Secretary/General Counsel 751-3015
Morris Woodruff
Chief Regulatory Law Judge 751-2849
Kim Happy, Manager-Data Center 522-6225

Regulatory Review Division

Cherlyn Voss, Director 751-3966
Natelle Dietrich, Director of Tariff, Safety,
Economic & Engineering Analysis 751-7427
Bob Schallenberg, Director of Audits, Accounting &
Financial Analysis 751-7162
Kevin Thompson, Chief Staff Counsel 751-2690
John Van Eschen
Manager-Telecommunications 751-5525
Lena Mantle, Manager-Energy 751-7520
Ron Pleus
Manager-Manufactured Housing 751-7119
Manufactured Housing Toll-Free
Hotline 1-800-819-3180
Jim Busch, Manager-Water & Sewer 751-7529
David Murray
Manager-Financial Analysis 751-9160
Mark Oligschlaeger, Manager-Auditing 751-7443
David Sommerer
Manager-Procurement Analysis 751-4356
Lisa Kremer, Manager-Engineering &
Management Services 751-7441
Gay Fred, Manager-Consumer Services 751-3160
Consumer Services Toll-Free
Hotline 1-800-392-4211

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company.

MISSION

The Missouri Public Service Commission regulates investor-owned public utilities operating in Missouri. The PSC has the statutory responsibility for ensuring that customers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders with the opportunity to earn a reasonable return on their investment. The PSC must balance a variety of often competing private interests to ensure the overall public interest.

Jurisdiction and Goals

The Missouri Public Service Commission (Commission) was created in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. The Commission regulates investor-owned electric, natural gas, steam, telephone, and water and sewer utilities. In addition, the Commission regulates the operational safety of the state's rural electric cooperatives and municipally owned natural gas utilities. The Commission also regulates manufacturers and dealers of manufactured homes and modular units.

The Commission oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives, municipally owned electric utilities, investor-owned water and sewer utilities and public water supply districts. Under federal law, the Commission acts as a mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company. Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and assure the environmentally sound disposal of wastewater. Because utilities fulfill these essential needs, the Commission must assure the ratepaying public that quality services will be available on a nondiscriminatory basis at just and reasonable rates.

Commissioners

The Commission consists of five Commissioners who are appointed by the governor with the advice and consent of the Missouri Senate.

The governor designates one member as the chairman who serves in that capacity at the pleasure of the governor.

Commissioners are appointed to six-year terms. These terms are staggered so that no more than two terms expire in any given year.

The Commission is both quasi-judicial and quasi-legislative. The Commission is responsible for deciding cases brought before it and for the promulgation of administrative rules and enforcement. Many of the Commission's actions or decisions involve hearings of contested cases, which by statute must be transcribed by a court reporter. Hearings are held in a trial-like setting using evidentiary standards under the Missouri Administrative Procedures Act. The Commission must render decisions in a timely manner to afford all parties procedural and substantive due process, and comply with statutory time limits.

The PSC Staff

The Commission is assisted by a staff of professionals in the fields of accounting, consumer affairs, economics, engineering, finance, law and management. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The staff participates as a party in all cases before the Commission, conducting audits of the books and records of utilities and making recommendations to the Commission regarding what type of rate increase, if any, should be granted. Commission staff recommendations, like those filed by other parties to a proceeding, are evaluated by the Commissioners in reaching a decision in a complaint case or rate case. The Commission has established standards for safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the Commission staff to ensure compliance.

Weekly Agenda Meetings

The Commission holds weekly agenda meetings to discuss various cases, policies and rulemakings, and to issue its decisions. Those meetings are open to the public and are webcast on the Commission's website.

ORGANIZATIONAL FUNCTIONS

Administration and Regulatory Policy Division

Wess Henderson, Director



The Administration and Regulatory Policy Division is responsible for managing the Public Service Commission's (Commission) human and fiscal resources. The division has agency-wide responsibilities with units that are responsible for the annual budget, fiscal services and procurement, human resources and payroll. The Regulatory Policy and Public Information Unit, another unit of the division, develops and distributes information to the media on agency activities, responds to media requests, and provides utility consumer education materials.

The Legislative Coordinator, the agency's primary contact person with the General Assembly, is also assigned to this division and assists in responding to constituent inquiries.

Regulatory Review Division

Cherlyn Voss, Director

The Director of Regulatory Review supervises and coordinates a number of PSC staff functions including rate cases, complaints, tariff filings, certificate applications, rulemakings and investigatory dockets. The Tariff, Safety, Economic & Engineering Analysis Department and the Audits, Accounting & Financial Analysis Department are a part of the Regulatory Review Division. The Staff Counsel's Office also reports to the Regulatory Review Division regarding case related and investigatory activities.



Secretary/General Counsel Division

Steve Reed, Secretary/General Counsel

The General Counsel is authorized by statute to represent the Commission in all actions and proceedings, whether arising under the Public Service Commission Law or otherwise. Attorneys in the General Counsel's Office appear in state and federal trial and appellate courts on behalf of the Commission. The General Counsel also provides legal advice to the Commission and each Commissioner as requested. When authorized by the Commission, the General Counsel seeks civil penalties from persons or companies that have violated the Public Service Commission Law or the Commission's regulations or orders. Within the Secretary/General Counsel Division, the Adjudication Department is the Commission's quasi-judicial component. A staff of regulatory judges handles cases from their filing until their resolution. The assigned judge presides over the hearings, rules on objections and motions, and drafts all orders, as directed by the Commission, for that particular case. The Data Center receives all incoming pleadings and issues all Commission orders. In addition, the Data Center maintains and preserves the official case files, tariffs and other official documents of the Commission.



ORGANIZATIONAL FUNCTIONS

Natelle Dietrich

Director of Tariff, Safety, Economic & Engineering Analysis

The Tariff, Safety, Economic & Engineering Analysis Department consists of four units: Energy, Telecommunications, Water and Sewer, and Manufactured Housing. These units support the Commission in meeting its statutory responsibilities by providing technical expertise in safety; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections. These units accomplish their mission by making recommendations to the Commission in the form of expert testimony, formal recommendations and presentations.



Robert Schallenberg

Director of Audits, Accounting & Financial Analysis

The Audits, Accounting & Financial Analysis Department consists of five units which provide expertise to the Commission in the areas of utility accounting, auditing, engineering, finance, management and natural gas procurement. Staff members perform audits, examinations, analyses and review the books and records of the utilities providing service in Missouri. These employees express their conclusions and findings in the form of expert testimony and recommendations that are filed with the Commission. These units are also responsible for investigating and responding to consumer complaints and making recommendations to the Commission regarding their resolution.



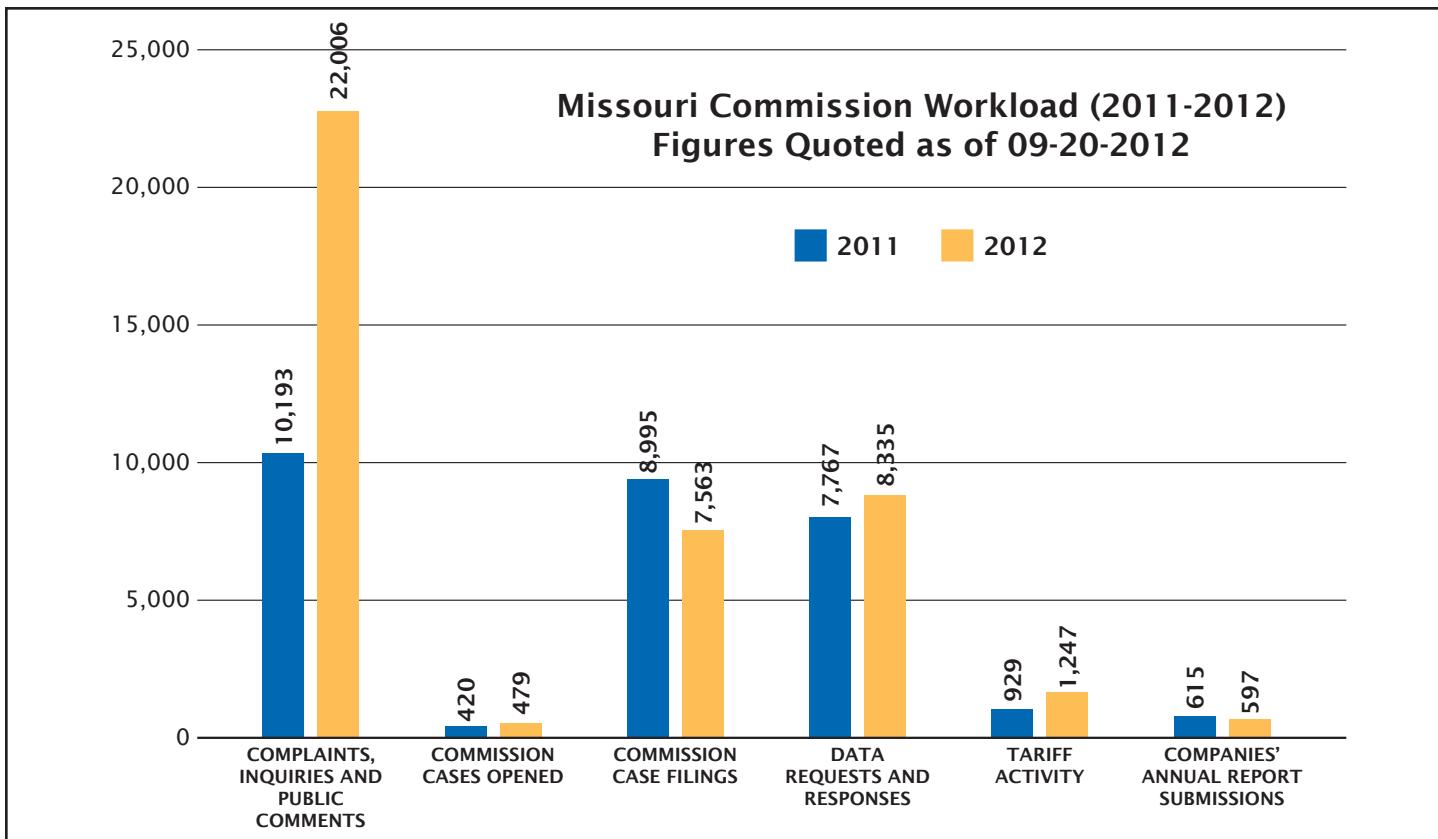
Kevin A. Thompson

Chief Staff Counsel

Attorneys of the Staff Counsel's Office represent the Commission's staff in administrative matters before the Commission. The Staff Counsel's Office also provides legal advice to the Commission's staff. The office houses the Consumer Services Unit, the clearinghouse for all utility consumer inquiries. Consumer Services investigates and responds to complaints to ensure compliance with Commission rules and utility tariffs. When a consumer has an issue that is not satisfactorily resolved after an initial contact with the utility, the consumer may call the PSC consumer hotline (1-800-392-4211) for assistance.



REGULATORY ACTIVITY



GENERAL UTILITY CASES

Rate Case Expense (Case No. AW-2011-0330)

Testimony presented in recent rate cases and escalating rate case expense requests led the Public Service Commission (Commission) to open a case to consider whether changes should be made to current rules and practices whereby regulated utilities generally recover all costs incurred when presenting a rate case before the Commission. The Commission directed staff to investigate whether it is appropriate for shareholders to bear responsibility for a portion of rate case expense, or whether it is appropriate to establish a dollar or revenue percentage cap on rate case expense that can be passed on to ratepayers. The file is a repository for anyone wanting to submit informal comments.

Tariff Liability Language (Case No. AO-2012-0173)

On December 7, 2011, the Commission opened a case directing the staff to investigate tariff provisions addressing liability for damages by surveying provisions currently in effect, examining other states' policies on such provisions and

filings a report. Staff filed its first report, outlining provisions currently in effect, on March 30, 2012. Staff reported that most current tariff liability language was reasonable for electric, natural gas, water and sewer utilities, and any concerns were not ripe for discussion in this proceeding. Staff also noted that the liability language it reviewed for telecommunications companies was egregious. Staff filed its second report, which summarized the policies of other states, on August 1, 2012. Staff received information from 31 states and found most states have similar liability language and policies as Missouri. Based on the information gathered for both reports, staff recommended the Commission review tariff liability language on a case-by-case basis. The Commission issued another order asking for a third report to examine jurisdictions that have reduced regulated utilities' immunity from liability for personal and property damage.

Investigation into the Establishment of Low-Income Customer Class (Case Nos. EW-2013-0045, GW-2013-0046 and WW-2013-0047)

On August 8, 2012, the Commission opened an investigation into the establishment of a low-income customer class or other means to help make utility service affordable. In its order, the Commission commented that over the last several utility rate cases, witnesses at local public

REGULATORY ACTIVITY

hearings testified that any rate increase places a heavy and disproportionate financial burden on low-income residents. The Commission requested comments by September 7 and reply comments by September 24 on ideas to reduce the financial burden on low-income customers while providing a fair and adequate return to the regulated utilities.

Rate Stabilization Mechanism

(Case No. AW-2013-0110)

On September 20, 2012, the Commission opened an investigation into the establishment of a rate stabilization mechanism to reduce the need for frequent rate case filings. The Commission conducted local public hearings related to pending electric utility rate cases, at which customers expressed concern about the frequency of rate increase requests. The Commission wants to examine possible solutions to that problem, but notes the concerns are not limited to electric rates. This working file will serve as a repository for documents and comments. Initial comments and exhibits regarding proposals are to be filed by November 2, 2012.

ELECTRIC Rate Cases Decided

Ameren Missouri

(Case No. ER-2011-0028)

On September 3, 2010, Ameren Missouri filed an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$263 million. The Commission granted Ameren Missouri an electric rate increase of approximately \$172 million in an order issued on July 13, 2011. As part of its decision, the Commission denied Ameren Missouri's request to include, in rate base, any of the cost to rebuild the upper reservoir of the Taum Sauk plant.

Electric Rate Cases Filed

Ameren Missouri

(Case No. ER-2012-0166)

On February 3, 2012, Ameren Missouri filed an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$375.6 million. According to an Ameren Missouri press release, key components of the rate request are:

- Investments made primarily to improve the reliability of aging infrastructure and to comply with environmental and renewable energy regulations.
- Higher net fuel costs for power plants.
- Higher costs for the company's recently proposed energy efficiency programs. (Ameren Missouri says these programs are expected to provide approximately \$500 million in total customer benefits over the next 20 years.)
- Additional cost increases, including those to meet renewable energy requirements, material costs and employee benefits.

If approved, new rates will go into effect January 2, 2013.

RESIDENTIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Idaho	7.90	1
Washington	8.33	2
North Dakota	8.56	3
Utah	8.97	4
Arkansas	9.05	5
Kentucky	9.09	7
Nebraska	9.30	9
Oklahoma	9.51	12
Missouri	9.78	15
Iowa	10.50	20
Kansas	10.63	21
U.S. Average	11.80	
Illinois	11.81	34
Connecticut	18.11	49
New York	18.30	50
Hawaii	34.68	51

COMMERCIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Idaho	6.41	1
Washington	7.35	2
North Dakota	7.54	3
Utah	7.55	4
Arkansas	7.58	5
Kentucky	7.72	7
Nebraska	7.90	9
Oklahoma	8.04	12
Missouri	8.19	15
Tennessee	8.41	16
Iowa	8.74	20
Kansas	8.79	21
Illinois	10.12	34
U.S. Average	10.32	
New York	15.83	50
Hawaii	32.38	51

INDUSTRIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Idaho	3.97	1
Washington	5.11	2
North Dakota	5.16	3
Utah	5.21	4
Arkansas	5.25	5
Kentucky	5.40	7
Nebraska	5.51	9
Oklahoma	5.95	12
Missouri	6.11	15
Tennessee	6.18	16
Iowa	6.26	20
U.S. Average	6.89	
Illinois	7.12	34
Connecticut	13.55	49
New York	15.53	50
Hawaii	28.40	51

Source: U.S. Energy Information Administration - 12 mos.
Ending December 2011 - Table 5.6.b

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Kansas City Power & Light (Case No. ER-2012-0174)

On February 27, 2012, Kansas City Power & Light (KCPL) filed an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$105.76 million. According to the company's filing, KCPL's cost of operation, maintenance, fuel and purchase power, net of off-system sales margins, and additional investments in plant and expenses have resulted in a revenue deficiency. If approved, new rates will go into effect January 26, 2013.

KCP&L-Greater Missouri Operations Company (Case No. ER-2012-0175)

On February 27, 2012, KCP&L-Greater Missouri Operations Company (KCP&L-GMO) filed an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$83.5 million. According to the company's filing, KCP&L-GMO's cost of operation, maintenance, fuel and purchase power, net of off-system sales margins, and additional investments in plant and expenses have resulted in a revenue deficiency. If approved, new rates will go into effect January 26, 2013.

The Empire District Electric Company (Case No. ER-2012-0345)

On July 5, 2012, The Empire District Electric Company (Empire) filed an electric rate case with the Commission seeking to increase annual electric revenues by approximately \$30.7 million. If approved, new rates will go into effect June 3, 2013.

Empire included, as part of its request, an interim rate increase of approximately \$6.2 million. The Commission denied that request in an order issued on October 31, 2012.

Other Electric Utility Activity

Fuel and Purchase Power Prudence Reviews

Three investor-owned electric utilities - Ameren Missouri,

The Empire District Electric and KCP&L Greater Missouri Operations (GMO) - have Commission-approved fuel adjustment clauses (FAC) through which the electric utility recovers from or refunds to customers 95 percent of fuel and purchased power costs, net of off-system sales, which have been under-collected or over-collected relative to a base amount set in the utility's last general rate case.

In fiscal year 2012, staff completed a prudence review of fuel and purchased power related costs included in the fuel adjustment clause for each of the three electric utilities with an FAC. Staff investigated each utility to determine whether the conduct of the company's decision-makers was reasonable at the time, under all the circumstances, considering that the company had to solve its problem prospectively rather than relying on hindsight.

As a result of these prudence reviews, staff proposed adjustments to Ameren Missouri and GMO in the amount of \$26,342,791 and \$14,073,574 respectively. The Commission has delayed a decision in the Ameren Missouri prudence case (Case No. EO-2012-0074), pending resolution of litigation in circuit court related to another case (Case No. EO-2010-0255). The Commission denied staff's proposed adjustment in the GMO prudence case (Case No. EO-2011-0390).

Electric Utility Resource Planning Filings

On February 23, 2011, Ameren Missouri filed its electric utility resource planning triennial compliance filing in accordance with Chapter 22 rules. Staff, the Office of Public Counsel, the Missouri Department of Natural Resources and other interveners filed reports on June 23, 2011, which included deficiencies and concerns identified by each organization.

The Commission issued an order on March 28, 2012, which found "Ameren's 2011 Integrated Resource Planning filing submitted by Union Electric Company, d/b/a Ameren Missouri, does not demonstrate compliance with the requirements of Commission Rule 4 CSR-240-22 in certain respects described in the body of this order. Union Electric Company, d/b/a Ameren Missouri, shall correct those deficiencies in its 2014 triennial integrated resource planning filing and in upcoming annual updates as appropriate."

The Commission's revised Chapter 22 Electric Utility Resource Planning rules became effective on June 30, 2011. Ameren Missouri filed, on April 27, 2012, its 2012 Integrated Resource Plan Annual Update Report. On July 17, 2012, the Commission filed notice acknowledging Ameren Missouri's Annual Update Report and closing the file.

KCPL and KCP&L-GMO both filed resource plans on April 9, 2012 in accordance with Chapter 22 rules. Staff, the Office of Public Counsel, the Missouri Department of Natural Resources and other interveners filed reports on September 6, 2012, which included deficiencies and concerns identified by each organization.

On March 20, 2012, The Empire District Electric Company filed its electric 2012 Integrated Resource Plan Annual Update in accordance with Chapter 22 rules. Staff, the Missouri Department of Natural Resources and Dogwood Energy filed reports on April 26, 2012, which included deficiencies and concerns identified by each organization. The Commission issued an order on July 17, 2012, which found, "The Empire District Electric Company shall comprehensively address the

REGULATORY ACTIVITY

alleged deficiencies and concerns identified by the participants to this file in its next triennial Integrated Resource Plan".

Missouri Energy Efficiency Investment Act

The Missouri Energy Efficiency Investment Act (MEEIA), 393.1075 RSMo Supp. 2010, was passed by the Missouri legislature and signed by Governor Nixon in 2009. The purpose of this act was to encourage investor-owned electric utilities to develop and implement demand-side management programs.

Rules¹ to implement MEEIA became effective May 30, 2011. As a result of these rules, in December 2011, electric utilities began making filings requesting approval of demand-side programs and a demand-side program investment mechanism (DSIM) to recover demand-side program costs, lost revenues and performance incentives.

KCP&L Greater Missouri Operations (GMO) (Case No. EO-2012-0009)

On December 22, 2011, GMO filed a MEEIA case with the Commission seeking approval of demand-side programs (including both energy efficiency and demand-side programs), and a DSIM that will include cost recovery of demand-side program costs, a portion of the net shared benefits, lost revenues and a performance incentive mechanism.

Under this proposal, GMO states it would incur approximately \$38.8 million in demand-side program costs over the next three years. GMO anticipates that programs will result in \$105.1 million² in total customer benefits (net of program costs) and have a cumulative annual energy savings of approximately 155 GWh and cumulative annual demand savings of approximately 73 MW during the third program year. This case is currently pending before the Commission.

Ameren Missouri (Case No. EO-2012-0142)

On January 20, 2012, Ameren Missouri filed a MEEIA case with the Commission seeking approval of a broad portfolio of energy efficiency programs, a Technical Resource Manual (TRM) and a DSIM. The proposed DSIM included cost recovery mechanism(s) for program costs, lost revenues and performance incentives.

The Commission approved an agreement on August 1, 2012, which included approximately \$147 million in energy efficiency program costs over the next three years. The new energy efficiency programs are expected to be implemented on January 2, 2013. The programs are anticipated to result in \$336.6 million³ in total customer benefits (net of program costs) and have a cumulative annual energy savings of approximately 793 GWh during the third program year.

Federal Environmental Regulations (Case No. EW-2012-0065)

On August 30, 2011, the Commission opened an investigation into the cost of complying with federal environmental regulations, directing the Commission staff to lead a working group and draft a report describing the effects of federal regulations on Missouri's electric industry.

Staff held workshops and sought input from stakeholders and on May 1, 2012, filed a report on the cost of compliance with federal environmental regulations. Staff's analysis

indicates the overall cost to Missouri electric utilities and potentially its customers would be in an approximate range of \$1.98 billion to \$3.276 billion.

Renewable Energy Standards (Case No. EW-2012-0255)

The Commission's renewable energy standards rules (4 CSR 240-20.100 and 4 CSR 240-3.156) took effect on May 30, 2011. The Commission opened a case to "draw on the experience gained regarding the operation of those rules to consider ways in which the rules might be improved." A workshop discussing those rules was held on April 17, 2012.

Cybersecurity Practices (Case No. EW-2013-0011)

On July 17, 2012, the Commission issued an order requesting information to address effective cybersecurity practices for protecting essential electric utility infrastructure. In its order, the Commission noted, "The electric power industry is increasingly incorporating information technology (IT) systems and networks into its existing infrastructure as part of nationwide efforts – commonly referred to as the "smart grid," which is aimed at improving reliability and efficiency and facilitating the use of alternative energy sources such as wind and solar." The Commission further noted that, "[I]ncreased reliance on IT systems and networks also exposes the grid to cybersecurity vulnerabilities, which can be exploited by attackers."

The Commission directed regulated electric utilities to answer a series of 47 questions related to planning, standards, procurement practices, personnel and policies and systems and operations by August 31, 2012. Once answers are received, the Commission will determine how to proceed.



¹MEEIA rules include 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093, and 4 CSR 240-20.094.

²NPV of 15 years at 6.95%

³NPV of 20 years at 6.95%

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American Recovery and Reinvestment Act of 2009 (ARRA)

The Commission continued to utilize its \$900,000 ARRA grant to help facilitate analysis and consideration of ARRA electricity-related topical areas such as: renewable energy, energy efficiency, demand response, energy storage, Smart Grid, plug-in hybrid electric vehicles, coal and carbon capture and storage, transmission and distribution.

ARRA funding was utilized for a full-time engineer and a policy analyst to work on such projects. The grant also provides funding for existing Commission staff travel and training related to the ARRA topical areas. Using ARRA funds, the Commission was able to provide on-site training related to the modified rate design aspects of the Missouri Energy Efficiency Investment Act and general transmission topics.

Federal Activity in Electric

Southwest Power Pool (SPP)

In the 2012 fiscal year, the Southwest Power Pool (SPP) conducted studies to determine which transmission upgrades would likely be needed in 10 years under the Integrated Transmission Planning ("ITP10") strategy.

The Missouri Public Service Commission (Commission) was very involved in the "ITP10" planning process: assisting in the identification of transmission system needs in 10 years and determining how the costs and benefits of proposed projects would be estimated, costs allocated among the utilities in the SPP region and recovered from transmission customers.

The final ITP10 report was approved by the SPP Board of Directors on January 31, 2012 and contained two projects located within Missouri. While none of the \$1.5 billion projects identified in the "ITP10" report are currently being constructed, the Commission expressed concern that the projects identified were not creating sufficient benefits for Missouri ratepayers relative to the costs Missouri ratepayers would owe for the projects.

The Commission is involved in ongoing discussions with SPP and SPP stakeholders addressing how to ensure Missouri ratepayers will receive benefits commensurate to the costs of SPP board-approved projects for which they will be required to pay.

Also, Commission staff attends and participates in SPP Project Cost Working Group meetings to ensure projects are constructed using good utility practice and to ensure cost-overruns are constrained. Staff also participates in the Cost Allocation Working Group, which advises the Commissioners' Regional State Committee on cost allocations methodologies; Economic Studies Working Group, which prepares study parameters used in forecasts to determine future projects needs; and the Regional Tariff Working group, which writes tariff amendments to the Open Access Transmission Tariff.

Midwest Independent Transmission System Operator (Midwest ISO)

The Organization of MISO States (OMS) was heavily involved with the Midwest ISO's planning for its first "Multi Value Projects" (MVP) portfolio, using the new cost allocation methodology developed in 2010. OMS and the Commission staff advocated diligently through the MISO "Candidate MVP Task Force" regarding what the proper

portfolio of transmission projects should be, as well as making sure that MISO properly stated both the costs and the benefits related to the planned projects. The MISO Board approved the 2011 MVP Portfolio in late 2011 as part of its "MISO Transmission Expansion Plan" (MTEP).

Commissioner Robert Kenney served as President of the OMS during the entire 2012 fiscal year. This leadership involved representing OMS at a variety of meetings and advocating for an expanded OMS role in the MISO cost allocation and transmission planning processes at a variety of venues, including the MISO Advisory Committee meetings.

Commission staff continued to monitor and participate in Midwest ISO's Planning Advisory Committee (PAC) and Regional Expansion Criteria Benefits (RECB) Work Group meetings. The PAC meetings discuss transmission projects planned for the MISO footprint. The RECB meetings are used to determine the criteria for planning what transmission projects are constructed in the Midwest ISO footprint. During the past fiscal year, the Commission continued to provide input on issues involving what scenario analysis should be performed to determine what transmission projects should be built in the future.

In addition, OMS continued to participate in the Midwest ISO's efforts to change the calculation of prices at nodes on the transmission grid, a concept known as "Convex Hull Pricing". A change in the pricing mechanism utilized by the Midwest ISO would affect the amount Missouri utilities pay for energy bought from the Midwest ISO as well as the price Missouri utilities would receive when they sell energy through the Midwest ISO.

Federal Energy Regulatory Commission (FERC) Dockets

FERC Order 1000 (FERC Docket No. RM10-23-000)

FERC Order 1000 is a federal rule reforming federal electric transmission planning and cost allocation requirements for planning regions including American Electric Cooperative, Inc. (AECL), SPP and MISO. FERC Order 1000: (1) requires neighboring planning regions to jointly determine, plan and ultimately construct transmission projects that would jointly benefit both planning regions in a manner that would be more cost effective than if each planning region individually designed such projects; (2) requires planning regions to take federal, state and local public policies into consideration when planning transmission projects; and (3) removes the Federal Right of First Refusal (RoFR) from incumbent transmission owners when certain transmission projects are being planned and assigned.

Missouri is in an unusual position in that an RTO boundary (or seam) splits the state between SPP, MISO and AECL. To ensure Missouri and its electric ratepayers interests are represented, Commission staff participates in SPP and MISO FERC Order 1000 working groups. In SPP, staff participates in the following FERC Order 1000 committees: Seams Steering Committee, Strategic Planning Committee Task Force on FERC Order 1000, Seams FERC Order 1000 Task Force; Order 1000 Draft Tariff Task Force; Regional Tariff Working Group. In MISO, the Commission staff participates in the following Order 1000 committees: Order 1000 "Right of First Refusal" Task Team; Planning Advisory Committee; and Regional Expansion Cost Benefit Working Group.

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Additional Noteworthy FERC Notices of Inquiry and Contested Cases

FERC periodically issues Notices of Inquiry through which it requests comments and input from transmission and electrical utilities, RTOs, and states' utility regulatory commissions over the complex issues it regulates and about the regulations it enforces. When appropriate, the Commission comments on FERC issues.

FERC Docket RM11-26, Promoting Transmission Investment through Pricing Reform

FERC issued a Notice of Inquiry seeking input on how to incent increased transmission investment. The Commission provided comments on its own initiative and jointly with the SPP Regional State Committee. In those comments, the Commission recommended denying the use of a hypothetical capital structure during construction to recover financial capital costs, tying the rate of return on such investments to the prevailing rates enjoyed by other such projects and to the cost of borrowing, and creating means to ensure that projects with the best and least cost estimates are selected for construction.

FERC Docket ER12-1813-000, Empire District Electric Company Formula Transmission Rates

On May 18, 2012, The Empire District Electric Company sought permission from FERC to use a FERC-approved Transmission Formula Rate protocol to determine the rates it charges for transmission service. The Missouri Attorney General intervened in the case to ensure the data used in the formula rate protocol would produce just and reasonable rates that would eventually be paid by retail customers.

NATURAL GAS Merger Cases

Summit Natural Gas of Missouri/Missouri Gas Utility/ Southern Missouri Gas Company (Case No. GM-2011-0354)

Missouri Gas Utility (MGU) and Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas (SMNG) filed a joint application on April 27, 2011 seeking the acquisition of SMNG by MGU. The Public Service Commission (Commission) staff performed its analysis of the request and on September 15, 2011, a unanimous stipulation and agreement was filed. On September 28, 2011, the Commission approved the stipulation and agreement. The Company filed its adoption notice, title sheet and name change on February 2, 2012. Missouri Gas Utility became Summit Natural Gas of Missouri, Inc. effective March 24, 2012.

Liberty Energy (Midstates) Corporation/Atmos Energy (Case No. GM-2012-0037)

On August 1, 2011, Atmos Energy Corporation (Atmos) and Liberty Energy (Midstates) Corporation (Liberty) filed a joint application for Commission authority to sell certain Missouri assets to Liberty and certain other related transactions. Liberty was to be the surviving entity after the sale.

On February 17, 2012, a unanimous stipulation and agreement was filed in the case, and on March 14, 2012

that agreement was approved by the Commission. As part of the agreement, Liberty would maintain Atmos' current tariffs and formally adopt Atmos' tariffs upon Commission approval of the sale. On July 2, 2012, Liberty filed two tariff sheets requesting approval of its formal adoption notice and title sheet in compliance with the Commission's order in **Case No. GM-2012-0037**.

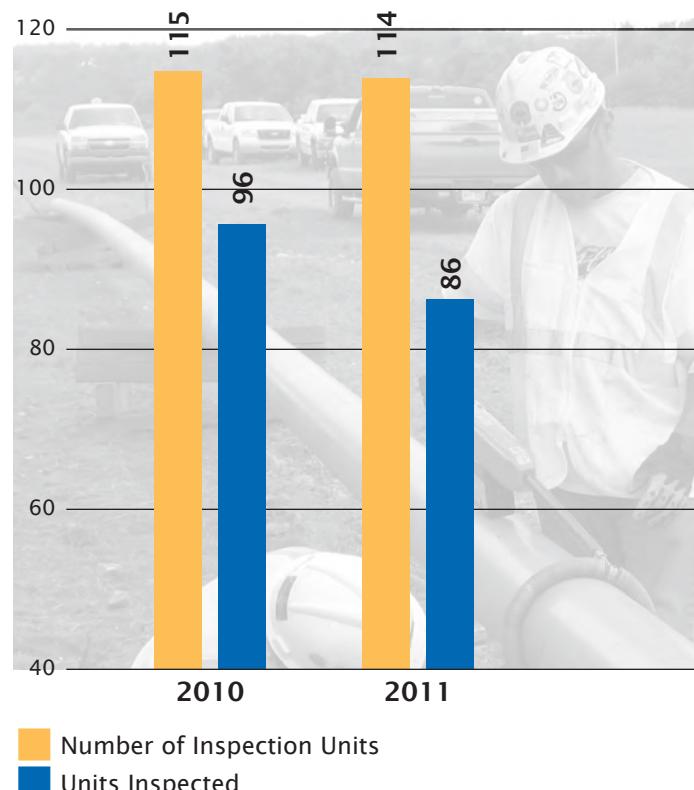
Liberty filed for a name change to Liberty Energy (Midstates) Corporation d/b/a Liberty Utilities (Liberty Utilities) on July 2, 2012. That request was docketed as **Case No. GN-2013-0001**, and ultimately approved by the Commission on July 23, 2012. The name change and adoption of the tariff became effective on August 1, 2012.

Certificate Cases

Southern Missouri Natural Gas (Case No. GA-2007-0168)

Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas was granted a certificate of public convenience and necessity (CCN) authorizing it to construct, own and operate a natural gas distribution system in Branson, Branson West, Reeds Spring and Hollister. The Commission approved a final CCN for the Company on June 24, 2008, with an effective date of July 5, 2008. Since that time, the Company has been constructing the system and is now serving customers in the Branson and Hollister areas.

Missouri Jurisdictional Natural Gas Operator Inspection Units — Gas Safety



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Missouri Gas Utility

(Case No. GA-2012-0044)

On August 9, 2011, Missouri Gas Utility, Inc. (MGU) filed an application with the Commission seeking authority and a certificate of public convenience and necessity to construct, own and operate a natural gas transmission line and distribution system providing natural gas service in four areas of Benton County. The requested area is surrounded by existing MGU service territory. The Commission approved this request on September 28, 2011.

Summit Natural Gas of Missouri

(Case No. GA-2012-0285)

Summit Natural Gas of Missouri, Inc. (SNGMO) filed an application on March 2, 2012, seeking Commission authority and a certificate of public convenience and necessity to construct, own and operate a natural gas distribution system providing service in Benton, Morgan, Camden and Miller Counties in Missouri.

SNGMO's predecessor, Missouri Gas Utility, had previously been granted a certificate on November 30, 2009. The project was delayed due to increased costs and Missouri Gas Utility did not start construction within the two year statutory requirement to begin construction, so SNGMO reapplied for a certificate to provide natural gas service in the same area.

On June 1, 2012, Commission staff recommended the application be approved, with conditions. The Commission approved the application on July 17, 2012.

Infrastructure System Replacement Surcharges

The Commission implemented a rule on May 30, 2004, which established the definitions, parameters and procedures relevant to the filing and processing of company requests pertaining to an infrastructure system replacement surcharge (ISRS), including the information that a natural gas utility must provide when it files a petition to establish, change or reconcile an ISRS. This rule was necessitated by the enactment of House Bill 208 by the 92nd General Assembly. The Governor signed the legislation on July 16, 2003, making it effective August 28, 2003. Implementation of this rule helps the Commission in administering the enacted statute, which requires the Commission to fulfill its statutory duties within the 120-day timeframe set out in the law.

Natural gas utilities may file for an ISRS, which allows them to establish a surcharge to provide for the recovery of costs for eligible infrastructure replacements or relocations. The ISRS, on an annualized basis, must produce ISRS revenues of at least the lesser of one-half of one percent of the natural gas utility's base revenue level approved by the Commission in its most recent general rate case or one million dollars, but not in excess of 10 percent of the natural gas utility's base revenue level approved by the Commission in its last general rate proceeding. There currently are four natural gas utilities that have an ISRS which is separately identified on customer bills.

Natural Gas Pipeline Safety

The Missouri Public Service Commission (Commission) has

jurisdiction over all intrastate natural gas pipeline operators in the state which includes four intrastate transmission pipelines, seven investor-owned natural gas distribution utilities (six of which also have intrastate transmission pipelines and all of which have multiple operating districts/inspection units), 41 municipally-owned natural gas distribution systems, one gas distribution system owned and operated by a private company on a U.S. Department of Defense facility at Fort Leonard Wood, and three pipeline systems that supply landfill gas directly to customers including a high school, a correctional facility gas-fired electric generation turbine and a large industrial customer.

Commission natural gas safety unit (safety staff) are in the field throughout the year evaluating these pipeline systems. During the 2011 calendar year, safety staff conducted 79 comprehensive office and field inspections, follow-up inspections, construction inspections and other investigations. These inspections/investigations resulted in safety staff being in the field, over 530 inspection-days.

The Commission's natural gas pipeline safety program is carried out under a cooperative agreement with the U. S. Department of Transportation - Pipeline and Hazardous Materials Safety Administration. As a part of this program, the Commission has adopted the applicable federal pipeline safety regulations, including 49 CFR Part 192, that make up the "minimum" federal safety standards applicable to natural gas pipelines.

The Commission continues to take a proactive approach to pipeline safety in Missouri with pipeline safety rules, which are in many cases, more stringent than current federal regulations. This approach includes looking at and extensively evaluating various pipeline replacement programs, leak survey inspections, leak investigations and classifications, corrosion control of steel pipelines, and other pipeline safety programs.



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Intrastate natural gas pipeline operators are divided into 114 "inspection units" for purposes of the Program's annual comprehensive inspections which include 27,083 miles of distribution mains, 950 miles of intrastate transmission lines and approximately 1.5 million service lines.

Procurement Analysis

Natural Gas ACA Activities

There are six natural gas local distribution companies serving Missouri – Ameren Missouri, Liberty Utilities, Empire District Gas Company, Laclede Gas Company, Missouri Gas Energy and Summit Natural Gas of Missouri.

The Procurement Analysis Unit conducts an annual Actual Cost Adjustment (ACA) review at the end of each ACA period for each natural gas local distribution company (LDC). A primary purpose of the ACA process is to reconcile the company's actual gas costs with what it charged customers (its billed revenues).

In its purchased gas adjustment (PGA) filings, the Company estimates its gas costs for the upcoming year. In the ACA, the estimate is reconciled with the actual prudently incurred cost of gas. In this function, the Procurement Analysis Unit reviews the LDC's true-up of gas costs for the period under review. A comparison of billed revenue recovery with actual gas costs will normally yield either an over-recovery or under-recovery of the ACA balances.

Another purpose of the ACA process is to examine the reliability of the LDC's gas supply, transportation and storage capabilities. For its analysis, the Public Service Commission (Commission) staff reviews the estimated peak day requirements and the capacity levels to meet those requirements; peak day reserve margin and the rationale for this reserve margin; and natural gas supply plans for various weather conditions.

A third purpose of the ACA process is to review the LDC's gas purchasing practices to determine the prudence of the company's natural gas purchasing and operating decisions.

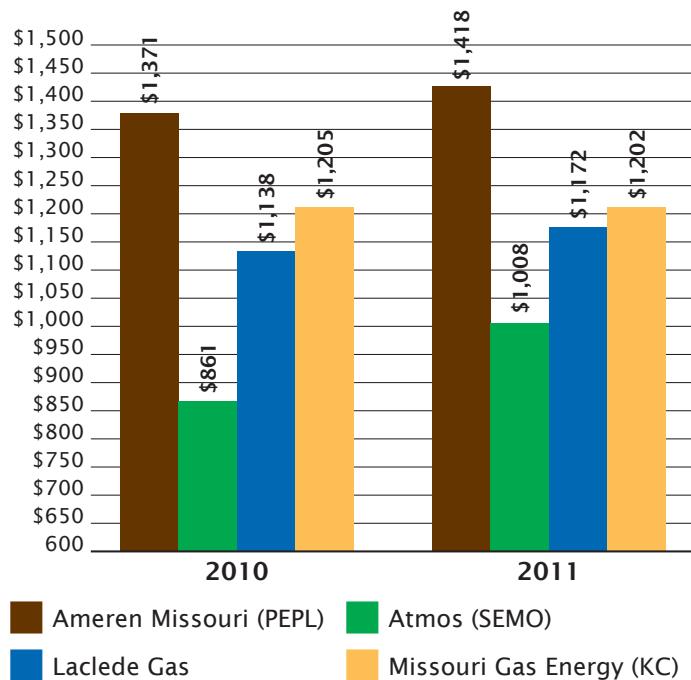
Commission staff will consider the financial impact on customers of the LDC's use of its gas supply, transportation and storage contracts in light of the conditions and information available when the operational decisions were made.

The Procurement Analysis Unit, in conjunction with other Commission staff, held discussions with LDCs regarding their hedging activities for the 2011/2012 winter to inquire as to whether the LDCs were taking actions to mitigate the effects of potential winter price spikes on their price of gas.

Other Proceedings

Although focused largely on natural gas ACA activities, the Procurement Analysis Unit, because of its knowledge of natural gas issues, assisted in the review of LDC complaint cases, merger cases, proposed tariff changes, energy efficiency programs to encourage customers to make their homes and businesses more energy efficient, and certificate

Residential Natural Gas Heating Customer Bill for Annual Usage of 120 Mcf



cases, including Summit Natural Gas expansions where existing companies had plans to expand or bring natural gas to areas without this service. The unit also assisted in the review of affiliated transactions that impacted the recovery of gas costs.

Procurement Analysis also monitors conditions in the natural gas markets where, since early 2010, a period of relatively stable prices has prevailed. These relatively stable prices have been attributed to increased shale supplies among other factors. Those increased shale supplies have been driven by hydraulic fracturing and horizontal drilling.

Federal Natural Gas Activities

The Federal Energy Regulatory Commission (FERC) regulates interstate natural gas pipeline companies. The Missouri Public Service Commission (Commission) has participated at FERC because decisions by the FERC directly affect Missouri natural gas consumers. The Commission has actively participated in company-specific and generic proceedings, focusing on those pipelines having the greatest impact on Missouri consumers and/or those where representation of Missouri interests is otherwise limited or absent. The Commission continues to strive to ensure that Missouri consumers receive reliable natural gas transportation service at reasonable rates.

Missouri's Local Distribution Companies (LDCs), including both natural gas utilities and electric utilities that generate energy with natural gas powered combustion turbines,

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must rely on FERC regulated interstate pipelines for storage and delivery of their natural gas supplies. Currently 11 interstate pipelines physically located within the boundaries of the state of Missouri are able to serve Missouri utility companies, with an additional 4-6 upstream pipelines providing transportation and, in some cases, natural gas storage service.

Three pipelines deliver the majority of the state's natural gas to Missouri LDCs: Panhandle Eastern Pipe Line Company, LP (Panhandle), Southern Star Central Gas Pipeline Inc. (Southern Star), and CenterPoint Energy-Mississippi River Transmission Corporation (MRT). Southern Star has several pipelines that serve the Kansas City, St. Joseph, Springfield, Joplin and St. Louis areas. Panhandle serves Kansas City, central Missouri and St. Louis. MRT serves St. Louis and portions of southeast Missouri.

In addition, Natural Gas Pipeline Company of America (NGPL), Ozark Gas Transmission, LLC and Texas Eastern Transmission serve southeastern Missouri; Kinder Morgan Interstate Gas Transmission, LLC and PostRock KPC Pipeline, LLC serve the Kansas City area; ANR Pipeline Company serves northern Missouri and MoGas Pipeline serves from St. Louis to Rolla. Rockies Express Pipeline, LLC also crosses the state of Missouri.

On April 17, 2012, the Missouri Supreme Court issued an opinion that Missouri Statutes do not support the Commission's intervention at FERC. Since that time the Commission has not filed to intervene in interstate pipeline cases at FERC.

Department Focus During The 2012 Fiscal Year

Southern Star Cases of Interest

In recent years, Southern Star has filed at FERC for approval to complete improvement/expansion projects at its Kansas natural gas storage fields. The Commission has intervened in four filed cases (**Docket No. CP07-89**, North Welda Gas

Storage Field; **Docket No. CP08-4**, South Welda Gas Storage Field; **Docket No. CP10-2**, Elk City Gas Storage Field and in **Docket No. CP11-481**, Alden Gas Storage Field). Southern Star filed on April 27, 2012 for expansion of its McLouth Storage Field in **Docket No. CP12-285**. This storage field is especially critical for natural gas deliveries into the Kansas City area. The migration of natural gas out of Southern Star's storage fields and the alleged venting of natural gas from Southern Star's storage fields by oil well producers have contributed to increased costs for fuel losses over time. Southern Star's improvements and expansions at the natural gas storage fields should help reduce the amount of fuel lost from these fields, resulting in reduced costs to Missouri consumers.

The Commission intervened in **Docket No. CP11-481** on May 19, 2011. In the Alden Gas Storage Field expansion project Southern Star proposes, among other things, to expand the storage field boundary and buffer zone by an additional 1,592 acres to better secure the integrity of the storage field. The FERC issued an amended certificate on May 30, 2012 which requires Southern Star to file quarterly updates of its progress. Southern Star is also required to make additional filings on any potential changes to the gas loss reduction plan currently in place.

On February 20, 2012, Southern Star filed FERC **Docket No. CP10-73** to replace three miles of 12-inch XT pipe with 20-inch pipe in Johnson County, Missouri. This filing is the next phase of the pipeline replacement project which replaces sections of pipeline that were originally placed into service in the 1930s. The Commission intervened in this case to monitor construction activities and any land owner complaints. The project is still ongoing and Southern Star will replace more sections of pipeline in Missouri over the next two to three years.

Fuel Tracker Cases

Interstate pipeline companies are permitted to charge customers for natural gas that is lost or used during transmission of gas from one area to another. This charge is collected through a surcharge, which the pipeline company may adjust annually.

Interstate pipelines typically use natural gas in two ways: to fuel compression stations and to replace gas that the pipeline loses in the transportation process. Gas may be lost from a pipeline in several ways including: leakage during repair or maintenance of the pipeline. The majority of Fuel and Lost-and-Unaccounted-for-Gas (LUFG) rate filings are accepted and approved by FERC without issue. In some instances, the Commission has intervened in cases so that in the event issues arise, it can fully participate in settlement discussions or any further proceedings that could make a difference in the outcome.

On March 13, 2012, the Commission intervened in Southern Star's fuel filing **Docket No. RP12-443**. The Commission commented that inclusion of two gas loss incidents in the LUFG percentage calculation was inappropriate. FERC agreed with the Commission and ordered that the gas volumes associated with these two gas losses be removed from the calculation used to set rates for Missouri consumers.

On April 4, 2012, the Commission intervened in CenterPoint Energy Gas Transmission Company, LLC's (CEGT) fuel tracker filing **Docket No. RP12-498**. In its



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filling, the Commission brought to FERC's attention two gas loss incidents which, per Commission precedent, should not be included in the calculation of the LUFG percentage. FERC agreed with the Commission and required CEGT to remove the two losses in question and recalculate the fuel loss reimbursement percentage to be charged to Missouri consumers.

The Commission will continue to analyze the pipeline companies fuel recovery cases to determine whether the rates to be charged Missouri consumers are just and reasonable.

Atmos Energy Corporation/ Liberty Energy (Midstates) Corp.

Atmos Energy sold its Missouri assets to Liberty Energy Midstates. Atmos filed at FERC to transfer its Missouri natural gas transmission and distribution facilities to Liberty Energy. The Commission's concern regarded facilities located in western Missouri which contained a 35-foot stub line that crosses the Kansas/Missouri border. After the sale, this stub line will be controlled by Atmos' Colorado/Kansas division, not Liberty Midstates.

The Commission intervened at FERC over concerns as to whether Missouri customers would continue to receive the same level of service after the sale to Liberty Energy was final. The Kansas Corporation Commission (KCC) also filed comments in the case. The Commission was able to negotiate with Atmos and Liberty Energy to assure reliable service to Missouri customers.

MoGas Pipeline LLC

At the end of June 2006, FERC regulated Missouri Interstate Gas LLC (MIG), and Missouri-regulated Missouri Pipeline Company LLC (MPC) and Missouri Gas Company LLC (MGC) applied to FERC for authority to merge into a single FERC-regulated interstate pipeline. On April 20, 2007, FERC issued an order authorizing the three affiliated pipelines to merge as MoGas Pipeline (MoGas). The FERC order also reduced MoGas proposed rates by approximately \$2 million as a result of the Commission's (and other parties) challenge to the rates.

In the same proceedings, the Commission challenged FERC's order that permitted MoGas to include an acquisition premium in rates that resulted in an annual overcharge to Missouri customers of approximately \$1.3 million annually. FERC denied the Commission's challenge. The Commission appealed FERC's decision to the United States Court of Appeals for the D.C. Circuit (Docket No. 09-1121) and on April 13, 2010, the DC Circuit Court agreed with the Commission's arguments and vacated the FERC's order and remanded the case to FERC.

On August 1, 2011 the FERC held a hearing to address the acquisition premium issue. The initial decision by the Administrative Law Judge in this case, issued in November 2011, supported the Commission's position. The final FERC order in this case is still pending.

CenterPoint Energy-Mississippi River Transmission

In October 2011, Mississippi River Transmission (MRT) provided notice to the public that it intended to meet with customers and state commissions prior to filing a FERC case

for a rate increase. The Commission participated in prefiling settlement discussions with CenterPoint Energy-Mississippi River Transmission (MRT) during the summer of 2012.

During June and July, customers, the Commission and other interested parties negotiated with MRT. These negotiations failed to reach a settlement among the parties. On August 15, 2012, MRT filed a Section 4 rate case with FERC asking for a rate increase of approximately 80% to recover nearly \$104 million from customers through rates annually. MRT serves the St. Louis area natural gas market. Both the Arkansas Public Service Commission and the Illinois Commerce Commission have intervened in the Section 4 rate case.

WATER AND SEWER UNIT

Rate Cases Decided or Filed

Missouri-American Water Company (Case No. WR-2011-0337)

On June 30, 2011, Missouri-American Water Company (MAWC) filed a water and sewer rate case with the Public Service Commission (Commission) seeking to increase annual water and sewer revenues by approximately \$43 million. The Commission granted MAWC an overall rate increase of approximately \$24 million in an order issued on March 7, 2012, based upon a non-unanimous stipulation and agreement filed by the parties to the proceeding. Although the agreement was non-unanimous, no party opposed the agreement that settled all issues in the case. The increase to water revenues approved was \$23,275,000 and the increase to sewer revenues approved was \$725,000 on an annual basis. Rates went into effect on April 1, 2012. For MAWC customers in the former Aqua Missouri service areas, rates went into effect on June 1, 2012.

Water and Sewer Unit Staff

The Water and Sewer Unit (Unit) provides technical expertise in the operation of the water and sewer companies in Missouri and analyzes applicable tariffs and tariff filings to ensure they are in compliance with appropriate state law, Commission rule, and are fair for both the utility and consumer.

The main functions of the Unit are to assist small companies in their day-to-day operations, conduct inspections, assist customers, investigate customer complaints, work on tariff filings, review small and large company rate requests, and review applications for certificates of public convenience and necessity to ensure that a proposed utility is in the public interest.

The Unit plays a key role in developing appropriate rates required for the utility to collect the revenues that have been approved by the Commission.

Another major role fulfilled by the Unit is investigating customer complaints regarding quality of service issues. Unit personnel spend many hours in the field investigating complaints and working with the customer and the company to find solutions to the customer's concerns.

There are approximately 75 regulated water and/or sewer companies in the State of Missouri. Most of these

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companies are considered small or very small based upon those definitions as provided by the National Regulatory Research Institute (NRRI). One of the major challenges is providing the utility with reasonable rates to make needed repairs and Missouri Department of Natural Resources (DNR) mandated upgrades while at the same time keeping those rates reasonable for consumers.

In fulfilling its duties, the Unit also works very closely with DNR whose responsibilities include ensuring that the utilities are complying with the applicable federal and state environmental and water quality laws and regulations.

The Commission and DNR share information about the companies they regulate under a Memorandum of Understanding. This agreement includes provisions regarding the agencies' cooperation and coordination on overlapping matters such as DNR's issuance of construction and operating permits and the Commission's utility service area certification process.

The Unit is also active in federal activities that impact water and sewer industries in Missouri. Many of the issues that are impacting these industries in Missouri are obstacles in other states as well; therefore, the Unit participates in working groups with NRRI and the National Association of Regulatory Utility Commissioners (NARUC).



intercarrier compensation vary based on several factors including: (1) where the call begins and ends; (2) what types of companies are involved (landline, wireless, etc.); and (3) what type of traffic is involved (voice, data, wireless, etc.).

In November 2011, the Federal Communications Commission (FCC) instituted national reforms for intercarrier compensation. This action began what is expected to be a nine year transition period in which local telephone companies implement various aspects of the new federal guidelines.

In Missouri, over 91 incumbent and competitive local telephone companies have made the necessary tariff filings to implement the first phase of the new federal mandate. As of July 2012, Missouri's local telephone companies have implemented two significant changes. The first change was to begin charging the same for terminating intrastate Voice over Internet Protocol Telephone (VoIP) calls as is permitted for interstate VoIP calls. The second change implemented required each local telephone company to reduce its terminating access rates. Further activity is planned in 2013 whereby Missouri's intrastate terminating switched access rates will be reduced to corresponding interstate rate levels.

Telephone Numbering

The Commission serves as an impartial telephone numbering administrator in Missouri, working closely with the National Number Pool Administration to implement industry guidelines to include telephone number reclamation procedures, and the issuance of new telephone numbers in quantities sufficient to serve new telephone numbering needs.

The Commission also monitors national activities that impact telephone number administration in Missouri. These activities serve to meet expectations that telephone numbers are utilized efficiently as the Public Switched Telephone Network continues its evolutionary migration to an Internet Protocol-based successor network.

The Commission also serves in a capacity to review, and potentially reverse, decisions by federal authorities which

TELECOMMUNICATIONS Public Service Commission Oversight of Telecommunications Service

The Missouri Public Service Commission (Commission) continues to provide oversight of many telecommunications activities in Missouri. Although the Commission no longer provides detailed examinations of telephone company prices and earnings, it nevertheless provides certification and regulatory oversight in many areas including universal service, telephone numbering, intercarrier compensation, Interconnected Voice over Internet Protocol and video service registration.

The Commission also maintains authority to investigate matters pertaining to telephone service quality. The Commission and its staff also provide mediation and arbitration services between and among telecommunication companies as well as end-user customers.

The Commission does not regulate wireless services or broadband data services provided over the Internet. However, the continued development of intermodal competition often results in non-regulated entities appearing in matters before the Commission.

Reform of Intercarrier Compensation

Intercarrier compensation refers to the charges that one telephone company pays to another telephone company to originate, transport, and/or terminate telecommunications traffic. Intercarrier compensation payments are governed by a complex system of federal and state laws and rules.

There are two major forms of intercarrier compensation - access charges and reciprocal compensation. Although the same or similar facilities are used to originate, terminate and transport all types of telephone traffic, the rates for

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have denied additional telephone numbers to telephone companies when specific utilization guidelines are not met. Often referred to as "safety valve" requests, such authority permits the Commission to examine and verify telephone numbering needs involving individualized company-specific situations. In the 2012 fiscal year, the Commission was asked to examine and make determinations in five such company-specific situations. In all five cases, the Commission granted the telephone company requests and did so in an expedited manner.

The Commission continues to be aggressive in its efforts to conserve telephone numbers. Those efforts have enabled Missouri to delay the implementation of new area codes in the state.

Missouri's area codes are projected to exhaust all available telephone numbers at the following time periods:

AREA CODE	PROJECTED DATE OF TELEPHONE NUMBER EXHAUSTION*
314	1st quarter of 2022
417	3rd quarter of 2028
573	4th quarter of 2022
636	4th quarter of 2034
660	3rd quarter of 2028
816	1st quarter of 2026

*Forecast as approved by the FCC in April 2012. The exhaust dates are reviewed twice a year by numbering authorities.

Programs Administered by the Missouri Commission

Missouri Universal Service Fund: The Missouri Universal Service Board (Board), consisting of the Commission and Office of the Public Counsel, oversees the Missouri Universal Service Fund (USF) pursuant to Section 392.248 RSMo.

The Missouri USF solely provides funding for discounted telecommunications services for qualifying low income and disabled customers. The Missouri USF only provides funding to landline carriers and does not provide any funding for wireless carriers. There are 51,499 landline subscribers in Missouri receiving support (47,919 low income and 3,580 disabled) which represents a 19% decrease over the past year.

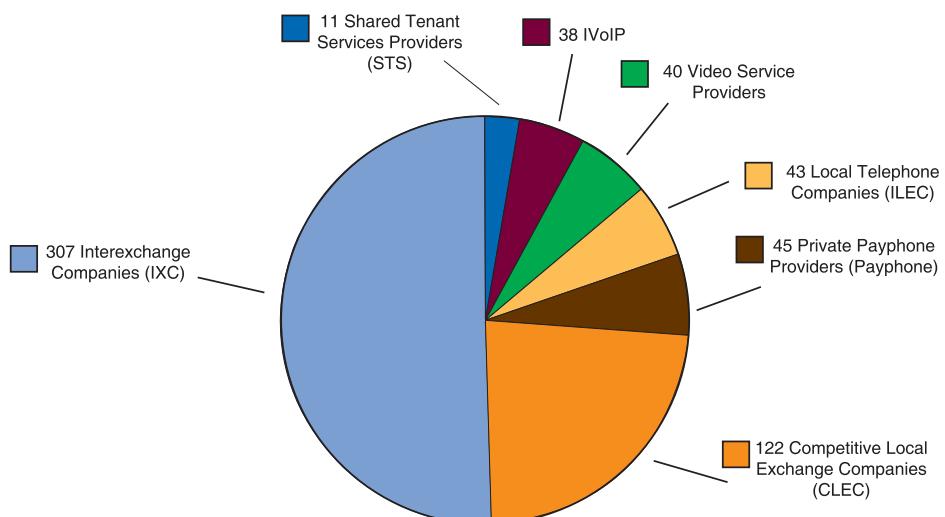
Federal Universal Service Fund Program: The federal USF program provides a variety of funding opportunities for providing telecommunications services. Most notable within the federal USF program are the high-cost support program and the Lifeline program. Both programs were significantly reformed this past year by the FCC.

The FCC released reforms for the federal USF high-cost support program in November 2011. The FCC's reforms capped federal USF high-cost support funding at \$4.5 billion. The FCC also created the Connect America Fund to ultimately replace all existing high-cost support mechanisms and use such funding for expanding broadband service availability. In addition, the FCC created the Mobility Fund to help expand mobile broadband networks. Although certain federal USF high-cost support will be phased out over a period of years, competitive bidding will be introduced to award funding.

The FCC's reforms will have different impacts on carriers; however, reform provisions include ways for incumbent local telephone companies to maintain funding levels if certain conditions are met. For example, the local rates for an incumbent rate of return regulated company must meet or exceed certain rate levels in order to retain most high-cost support funding. Ultimately, the FCC projects its reform measures will enable 90% of rate-of-return carriers to see high-cost support reductions of less than 20%. The FCC's reforms are also designed to increase accountability and oversight.

The FCC released reforms for the Lifeline program in February 2012. The FCC's reforms generally tighten requirements within all states for participation in the

Telecommunications, IVoIP, and Video Service Providers



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program. Although state commissions continue to have some discretion in the administration of the Lifeline program, all states must now require Lifeline applicants to submit proof of eligibility.

In Missouri, the Commission has long required program participants to show proof of eligibility when applying to the program. The FCC also now requires a company to annually recertify the continued eligibility of all Lifeline subscribers. The FCC's reforms required the Missouri Commission to allow applicants to qualify for the Lifeline program based on the eligibility criteria of 135% of the federal poverty level.

The FCC also established a duplicate database designed to identify Lifeline customers receiving more than one Lifeline benefit per household. As of July 2012, there were approximately 250,000 Missouri subscribers to the Lifeline program, approximately 200,000 of those are wireless Lifeline subscribers.

State commissions such as the Missouri Commission are expected to continue to help the FCC in administering these programs. The FCC continues to rely on state commissions to determine if a company should be allowed to draw support from the federal USF. For example, in order to qualify for certain federal USF support, a company must meet certain state and federal criteria establishing the company as an eligible telecommunications carrier (ETC).

ETCs receiving high-cost federal USF support must also be annually certified by a state regulatory commission. Such annual certification is intended to ensure that companies are appropriately using the funding. In Missouri, 46 companies (40 incumbent local telephone companies, three wireline competitive local exchange companies and three wireless companies) currently go through the annual certification process in order to continue to receive high-cost federal USF support. During the past year, several companies received ETC status in order to receive federal USF funding for Lifeline programs only.

Relay Missouri: The Commission oversees the Relay Missouri service pursuant to Section 209.253 RSMo. Relay Missouri is a statewide system using third party intervention to connect deaf, hearing-impaired and speech-impaired individuals with the telephone system.

A Relay Missouri fund is used to provide funding for this service. The Relay Missouri fund is also used to fund an equipment distribution program which is administered by the Missouri Assistive Technology Council. Relay Missouri is currently funded by a \$.11 surcharge applied to basic local telecommunications line service. The surcharge level is periodically reviewed by the Commission according to requirements established by Missouri statutes.

Federal Telecom Activity

Commission members and staff are active in several national organizations that respond to national telecommunications policy. Natelle Dietrich of the Commission staff is a staff member of the federal/state Universal Service Joint Board. The Universal Service Board makes recommendations to the FCC on issues related to promoting universal telecommunications service throughout the United States.

Commission staff Policy Analyst Dana Parish has been appointed to the NARUC subcommittee of State USF

Administrators. This subcommittee meets periodically to discuss issues relevant to states with a state USF.

The Commission also continues to actively participate in a number of telecommunications issues before the FCC.

Wholesale Disputes

On November 5, 2010, Nexus Communications, Inc (Nexus) filed a complaint ([Case No. TC-2011-0132](#)) seeking to recover back promotional credits from Southwestern Bell Telephone Company d/b/a AT&T Missouri (AT&T). The complaint involved offering retail services at wholesale rates. The Commission staff's seventh status report was filed on September 4, 2012, which indicated AT&T and Nexus continue to engage in discussions over their differences.

On October 19, 2011, a case was opened ([Case No. TW-2012-0112](#)) to serve as a repository for documents and comments associated with an investigation into call routing and call completion problems in Missouri.

On November 7, 2011, the Commission staff conducted a workshop in which industry participants came together to discuss concerns first raised by small rural local exchange carriers in Missouri. Staff filed its initial investigative report on January 6, 2012 and another report on August 10, 2012. Staff met with representatives of the small telephone companies on August 4, 2012, and continues to work with industry representatives and to evaluate the results of network reliability testing.

On April 3, 2012, a case ([Case No. TC-2012-0331](#)) was brought before the Commission due to allegations that Halo Wireless, Inc. was violating provisions of Missouri's Enhanced Record Exchange (ERE) Rule.

Most prominently, Halo was accused of delivering landline-originated traffic and of refusing to pay compensation for the traffic. Based on the allegations, certain local telephone companies commenced to block Halo's traffic whereupon Halo filed a formal complaint to stop the blocking activities.



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As part of its response to Halo's complaint, AT&T filed a counterclaim seeking to cease performance under its interconnection agreement with Halo. After Halo's jurisdictional objections were rejected by the FCC and the federal courts, the Commission convened an evidentiary hearing on June 26, 2012.

The Commission issued an order on August 1, 2012, concluding that Halo had violated the ERE Rule and that it had committed a material breach of its interconnection agreement with AT&T. The Commission directed AT&T to immediately cease performance with Halo, and found that Halo was liable for access charges on the interexchange landline traffic Halo had delivered for termination to Missouri end-user customers.

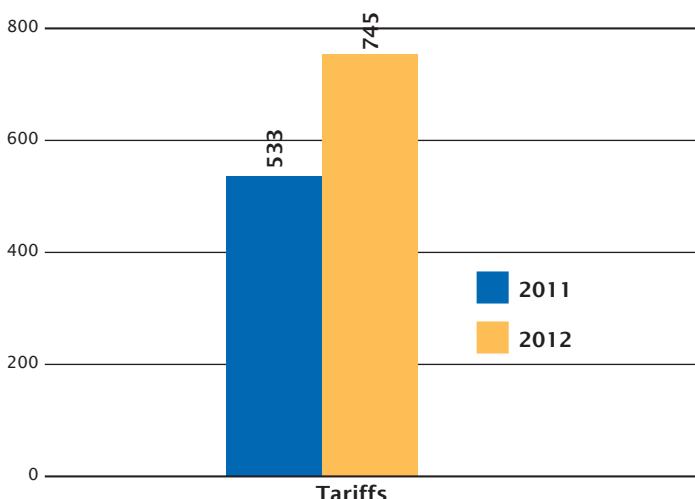
On March 1, 2012, Big River Telephone Company filed a complaint ([Case No. TC-2012-0284](#)) against AT&T over allegations that Big River's enhanced services traffic is subject to exchange access charges. After a June 29, 2012 mediation session concluded with the parties unable to reach agreement, the Commission approved a procedural schedule and set the matter for a January 8, 2013 evidentiary hearing.

Local Telephone Rate Increases

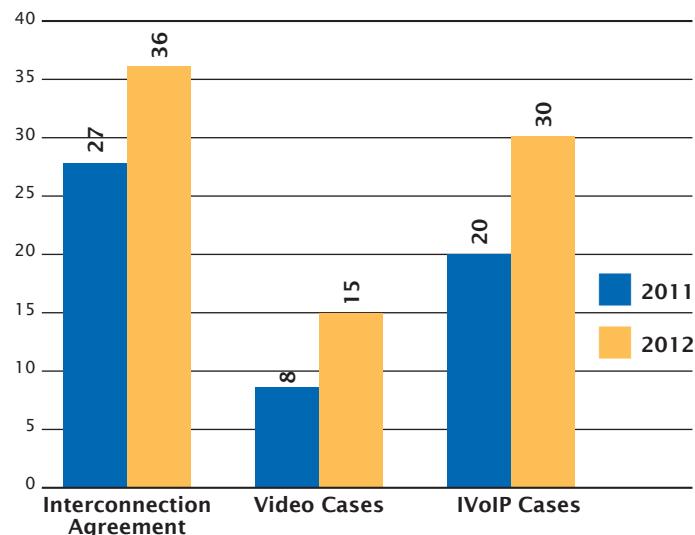
In response to FCC efforts to reform intercarrier compensation and the federal Universal Service Fund, Choctaw Telephone Company and MoKan Dial Telephone Company filed notices of proposed local rate increases on March 14, 2012.

Choctaw and MoKan filed the increases to residential and business customers because base telephone rates were below recently established FCC benchmark levels. In overturning objections to the increases, the Commission found the rate proposals reasonable. These cases ([Case Nos. TR-2012-0298 & 0299](#)) preceded similar rate increases as other local telephone companies filed to meet the federal benchmarks in order to avoid losing federal universal service high cost support funds.

Annual Number of Filings



Annual Number of Filings



Completed Matters

On December 21, 2011, the Commission released the Missouri Broadband Report. The report was compiled in response to a request from the Missouri Senate Committee on Commerce, Consumer Protection, Energy and the Environment. A case ([Case No. TW-2010-0362](#)) was established to engage in a fact-finding process in order to: (1) Review the FCC's National Broadband Plan and make recommendations to the Missouri General Assembly on how to maximize broadband development in Missouri; (2) Solicit input from the public and all providers of broadband service in Missouri regardless of technology; (3) Assess the current level of technology, including advertised and actual speeds; (4) Identify unserved and underserved areas of the state and identify barriers to broadband deployment; and (5) Recommend potential public policy decisions to increase deployment and availability of broadband services in Missouri.

Overall the report indicates 1% to 13.5% of Missourians lack access to broadband service depending on broadband data sources.

A case ([Case No. TC-2011-0396](#)) was established on June 20, 2011 where the Commission was asked to rule on the applicability of AT&T's tariff regarding AT&T's consumer back-billing of franchise and other municipal taxes. The Commission issued its order and summary determination on September 13, 2011. This case is currently pending before the Missouri Court of Appeals, Western District.

The Commission, in collaboration with the State's Emergency Management Agency (SEMA), hosted a workshop on June 28, 2012, regarding disaster planning. The workshop exchanged information about SEMA's process for gathering data related to communications recovery and restoration efforts, including the Commission's role in response to a disaster event. The Commission conducted a survey of the disaster recovery plans for 97 facility-based providers offering landline or wireless service in Missouri. Survey results were revealed and discussed at the workshop.

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MANUFACTURED HOUSING AND MODULAR UNIT PROGRAM

The Manufactured Housing and Modular Unit Program (Program) of the Missouri Public Service Commission (Commission) is responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units, as well as the installers of new manufactured federal Housing and Urban Development (HUD) homes. Program staff also prescribes and enforce uniform construction, safety and installation standards by conducting inspections, which include enforcement of tie down and anchoring requirements.

The Commission has a toll-free number, **1-800-819-3180**, for consumers who have questions or complaints regarding manufactured homes or modular units. Staff conducts **free** home inspections for consumers requesting an inspection. Additional information is available on the Commission website at www.psc.mo.gov. Once at the site, click on the manufactured housing tab at the top of the page.



During the 2012 fiscal year, the Program received over 2,377 calls from consumers, manufacturers, retail dealers, installers, finance companies and local building code officials. Field staff conducted on-site and consumer complaint inspections. Program staff were able to successfully resolve approximately 98% of complaints received by working with manufacturers, dealers, installers and homeowners.

In addition, staff conducted random on-site inspections prior to the completion of the installation of a home. On-site inspections can help identify any installation problems and those problems can be repaired before the installation of the home is completed, reducing repair costs and ensuring that the consumer has a properly installed, longer lasting home. In many cases, these on-site inspections are initiated or requested by the home installer, dealer or the home owner to ensure the site is properly prepared before the home is placed on the site.

Oversight and Regulation

Structures that are not properly installed may result in very expensive repairs which can take weeks to complete. Most of today's homes and commercial units are multi-section structures installed on crawl spaces or basement foundations or below frost grade footings. Many of these structures have high pitched hinged roofs and require very specialized equipment to install.

Many multi-section units require several weeks to fully complete from site preparation to final close up and interior finish. Program staff work with local communities around the state to ensure manufactured homes and modular units are built to the applicable building and safety codes and are set up and installed according to applicable state standards.

Manufactured Homes & Modular Unit Sales

Approximately 1,012 new manufactured homes and new modular units were sold in Missouri during the 2012 fiscal year. In addition, 1,582 used homes were sold in the state. Both of these numbers represent an increase from fiscal year 2011 information.

Modular and manufactured homes fill a major housing void in many rural areas where site built homes are difficult to construct in a timely manner. Pursuant to a recent report published by the Governmental Accounting Office and the Federal Housing Institute, approximately five percent of Missouri residents live in a manufactured home. In addition, commercial modular units are becoming a very popular and affordable alternative to site built commercial units.

Commercial modular units range from small single section units to large 16 to 20 section multi-family structures. Other commercial units include specialized units such as medical facilities, banks and jails. Many of these commercial units can be delivered and fully operational within a very short period of time. Program staff work with local building and code officials to ensure these structures meet the applicable commercial building code requirements under the International Building Codes (IBC).

Modular unit classrooms are a major component of affordable classrooms in many school districts throughout the state. Program staff continues to work with school districts to ensure these units are installed and anchored properly so that schools have safe environments for all school children.

Legislation

The Commission worked with other interested parties in passage of Senate Bill 630 during the 2010 legislative session. The Missouri Manufactured Housing Association (MMHA) initiated the legislation and the Commission provided guidance and support. The Commission regularly assists home owners and works with the Department of Revenue (DOR) with registration and title questions from

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consumers who have purchased used manufactured homes.

Program staff is working with MMHA and DOR regarding a proposal that would allow the DOR to issue titles for certain used manufactured homes where the serial number on the home cannot be determined and/or the disposition of the original title or Manufacturer's Statement of Origin cannot be located.

During the 2012 legislative session, Program staff worked with the commercial modular building industry regarding the licensing and certification of both new and used commercial modular unit installers. The requirement mirrors a similar requirement implemented in 2005 for installers of HUD manufactured homes.

Legal Action

During the past year, the Program Director filed formal complaints against various dealers and unlicensed entities for alleged violation of state laws.

Complaints were filed against certain dealers for allegedly selling damaged homes that did not comply with the applicable building codes; improper installation and anchoring; failing to deliver homes to consumers who had paid the dealer for the homes; and failing to make corrections in a timely manner.

The Commission's dispute resolution hearing process has reduced the number of formal complaints filed with the Commission. This process includes on-site hearings, which are conducted at the home's location with the homeowner, manufacturer, dealer, installer(s) and staff. Corrective action is identified by the staff and the responsible party is required to make the applicable changes. These hearings have reduced the legal cost for the industry, the consumer and the Commission.

Joplin Update

Program staff continue to work with industry officials in approving new manufactured homes and commercial units (such as banks, medical, office units) moving into the Joplin area after the devastating tornado in May 2011. It is estimated that approximately 200 families still occupy

Federal Emergency Management Agency (FEMA) homes and approximately 3,500 students occupy modular classrooms. To date, no structural or code failures have been reported from the installation of either a HUD home or modular classroom.

Program staff worked with installers ensuring that homes and modular classroom units were initially set-up and anchored properly.



CONSUMER SERVICES

The Consumer Services Unit responds to information requests and responds to consumer complaints and inquiries regarding utility service. Consumer Services ensures utility compliance with Public Service Commission (Commission) rules and regulations as well as with the utilities' Commission-approved tariffs. Consumer Services also works to educate customers, utilities and the public on utility-related consumer service issues, rights and responsibilities, with a focus on promoting understanding to prevent disputes.

The Consumer Services Unit has full-time investigators who handle a variety of consumer issues including billing problems, payment arrangements, denial of service issues, disconnection and service connection issues, enforcement of rules and regulations and safety issues. Consumer Services is the link between consumers and the utility company that serves them. Consumer Services handles all contacts in a prompt, fair and practical manner.

Consumer Services staff encourage all parties to focus on preventing problems before they occur. When consumer issues are found, investigators guide the parties to identify and correct the cause.

Consumer Services staff also handle pro se formal complaint cases, participate in customer-service focused reviews of utility operations and testify in formal cases before the Commission regarding issues that affect consumers and low-income utility assistance programs.

STATISTICS FOR FISCAL YEAR 2012

Registered Manufacturers:	119
Registered Dealers:	226
Registered Installers:	98
Homes Sold (New & Used):	1,631
Consumer Complaint Inspections:	122
On-Site Inspections:	332
Dealer Lot Inspections:	169
Dealer Lot Investigations:	55
Modular Unit Seals Issued:	634
Modular Unit Plans Approved:	340
Installer Decals Issued:	748

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Consumer Services staff are actively involved in consumer education efforts through a number of venues including consumer outreach forums, energy fairs, health and senior service fairs and Community Action Agency forums.

The Commission received over 22,000 consumer-related contacts in 2012, an increase of approximately 25 percent from the previous year. Contacts include complaints, inquiries regarding rules and regulations, information requests, non-jurisdictional requests, and public comments related to pending utility cases.

FY 2012 Top Complaint Issues

- 1 - Discontinuance of Service
- 2 - Denial of Service
- 3 - High Bill
- 4 - Disputed Bill
- 5 - Rebill
- 6 - Transfer Bill
- 7 - Service Outages
- 8 - Repair Service

findings and recommendations for improvement. The audit program also includes implementation reviews, along with continued monitoring of the small utilities after completion of the audit reports. Such follow-up work was performed on a number of small companies during 2012.

Management Analysts performed service quality analysis during 2012 on a number of small water and sewer companies in the context of rate increase requests, acquisition and new certificate cases.

Service quality analysis was performed on the following companies during the 2012 fiscal year: Meramec Sewer Company, Lincoln County Sewer & Water, LLC., US Water Lexington, Tri-States Utilities, Liberty Water Utilities, Midland Water Company, Canyon Treatment Facility, LLC, Saddlebrooke, Emerald Point Utility Company, KMB Utility Corporation, Noel Water Company, Valley Woods Water Company, Lakeland Heights Water Company, Inc., Oakbrier Water Company, Inc., RD Sewer Co., LLC, The Empire District Electric Company - water operations, Taney County Utilities, Raytown Water Company, Rogue Creek Utilities, Gladlo Water and Sewer Company, Highway H Utilities, RDE Water, I.H. Utilities and House Springs Sewer Company.

Management analyst staff was also involved in the Missouri-American Water Company rate case (**Case No. WR-2011-0337**), as well as associated customer complaints/inquiries and public comments. Staff's involvement in this case was prompted by service quality matters, and the Public Service Commission's (Commission) order resulted in periodic meetings between the staff and company to address billing calculations, call center topics, including call escalation procedures, and other service quality matters.

EMSU staff also meets quarterly with Kansas City Power & Light and KCP&L Greater Missouri Operations Company to address service quality topics as a result of the Great Plains Energy/Kansas City Power & Light Company/Aquila, Inc. merger. (**Case No. EM-2007-0374**). During the 2012 fiscal year, staff also met periodically with Ameren Missouri regarding its call center performance and other topics.

EMSU staff also participated in the Commission's Telecommunications Department's review of Universal Service Fund (USF) certifications for Northeast Missouri Rural Telephone Company and Chariton Valley Telephone Corporation. Staff analyzed a variety of processes and practices during each of these reviews, including customer billing and payment remittance, credit and collections, local business office operations and the company's handling of customer complaints and inquiries. EMSU staff submitted a number of data requests and performed on-site work.

Management Analysts participated in Liberty Utilities' request to purchase the Missouri natural gas operations of the Atmos Energy Corporation (**Case No. GM-2012-0037**). In this case, service quality matters were reviewed to ensure the sale would not be detrimental to the public interest. In a similar role, Management Analysts also participated in Energy Transfer Equity L.P.'s request to acquire the equity interests of Southern Union Company, doing business in Missouri as Missouri Gas Energy (**Case No. GM-2011-0412**).

Management Analysts also attended a number of local public hearings regarding rate increase requests during

ENGINEERING AND MANAGEMENT SERVICES

Management Services Staff

Management Analysts in the Engineering and Management Services Unit (EMSU) participated in a variety of cases and audit projects during 2012. EMSU staff performed analysis in conjunction with the review of numerous small water and sewer companies to assist them in providing sound customer service as well as efficient and effective business practices.

The audit program is designed to assist small companies (defined as having approximately 8,000 or fewer customers), in a variety of areas including: customer billing, payment remittance, credit and collections, complaint handling, business office operations and record retention. This program is utilized by management analysts when a small utility requests a rate increase.

As part of the audit program, management analysts produce a report which contains a description of the companies' processes and procedures as well as audit

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the fiscal year and participated in the investigation and resolution of several customer complaints.

Staff continues to receive and review quality of service reports from a variety of companies as a result of mergers and rate cases. These reports contain information regarding customer service, including data on staffing levels, call center indicators such as average speed of answer and abandoned call rate, and the number of estimates performed. Staff monitors the call center performance of all of the state's large regulated natural gas and electric companies as well as Missouri-American Water Company. Staff specifically reviews and analyzes call center performance trends, and these reviews often result in additional inquiries and discussion with the utilities regarding performance.

Management Analysts also participated in the Commission's Consumer Services Roundtable meetings that occurred throughout the year to contribute toward potential revisions to Commission Chapter 13 rules regarding service and billing practices for residential customers of gas, electric and water companies.

Engineering Staff

EMSU engineering staff performed depreciation analysis on a number of utility companies during the fiscal year. The purpose of depreciation in a regulatory environment is to recover the original cost and cost of removal less salvage of capital investment from customers and to allocate those costs over the useful life of the assets.

Annual depreciation expense, distributed over the life of each asset, results in the full recovery of the original cost plus cost of removal of capital assets.

The engineers' objective is to propose depreciation rates that are fair and appropriate for each company as well as its customers. Historical plant additions and retirements

are studied in computer models that assist depreciation engineers in determining an average service life for utility assets that are classified in a system of plant accounts. Depreciation comprises a significant component of the cost used to develop utility rates paid by consumers.

These engineers also participate in plant visits to observe the physical assets represented in the individual accounts that are being depreciated. Commission rules provide specific requirements for utilities to maintain its plant records.

During 2012, engineering staff provided expert analyses in the context of several large utility rate cases including those filed by Ameren Missouri (Case No. ER-2012-0166), The Empire District Electric Company (Case No. ER-2012-0345) and Kansas City Power & Light and KCP&L Greater Missouri Operations Company (Case Nos. ER-2012-0174 and ER-2012-0175, respectively). Staff also participated in Missouri-American Water Company's request for water and sewer rate increases (Case Nos. WR-2011-0337 and SR-2011-0338).

Depreciation analysis was also conducted in Liberty Utilities' request to acquire the Missouri natural gas operations of the Atmos Energy Corporation (Case No. GM-2012-0037).

EMSU depreciation engineers participated in a request filed by Laclede Gas Company for depreciation treatment of a new computer system (Case No. GO-2012-0363). Staff also participated in numerous small water and sewer companies in the context of rate cases. A small company merger, a company sale, and new certificate cases required depreciation review and analysis. EMSU staff also continues to observe and report on ongoing activities at Ameren Missouri's Taum Sauk Power Plant in eastern Missouri.

YEAR IN REVIEW

2011

July 13 Public Service Commission (Commission) grants an electric rate increase of approximately \$172 million to Ameren Missouri. When the electric company filed its rate request on September 3, 2010, it sought to increase annual electric operating revenues by approximately \$263 million.

August 10 Commission approves application authorizing Algonquin Water Resources of Missouri, LLC d/b/a Liberty Water to purchase the water and sewer systems of KMB Utility Corporation.

August 10 Commission approves application authorizing Algonquin Water Resources of Missouri, LLC d/b/a Liberty Water to purchase the water system of Noel Water Company, Incorporated.

August 11 Commission announces changes to its structure and organization. The PSC now consists of three divisions. Steve Reed heads up the Secretary/General Counsel Office. Wess Henderson is the Director of the Administration and Regulatory Policy Division and Cherlyn Voss is the Director of Regulatory Review.

August 30 Commission opens case to investigate the cost of complying with federal environmental regulations.

September 12 Commission observes National Telephone Discount Lifeline Awareness Week.

September 28 Commission approves agreement which authorizes the merger of Southern Missouri Gas Company, L.P. d/b/a Southern Missouri Natural Gas and Missouri Gas Utility, Inc.

October 12 Commission approves agreement which authorizes Veolia Energy Kansas City, Incorporated to increase annual steam operating revenues by approximately \$1,379,200.

October 14 Commission holds its first "Utility Days" in Chesterfield. "Utility Days" are designed to provide the public with information and education in a "one-stop-shop" setting.

October 18 Commissioner Terry Jarrett is named chairman of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Critical Infrastructure.

October 19 Commission opens case to investigate alleged telephone call routing and call completion problems in Missouri.

November 1 Commission Cold Weather Rule takes effect.

November 1 Commissioner Robert Kenney is named the new chair of a national campaign charged with making the annual Martin Luther King, Jr., holiday a "Day of Utility Service". The National Day of Utility Service is organized by NARUC.

December 6 Commission announces the formation of a speaker's bureau, another program designed to help consumers better understand the role and responsibilities of the Commission.

December 7 Commission opens case to investigate tariff provisions governing limitations of liabilities for public utility operations.

2012

January 25 Commission establishes working case regarding renewable energy standards rules.

February 3 Ameren Missouri files an electric rate case with the Commission seeking to increase annual electric operating revenues by approximately \$375.6 million.

February 5 Commission Chairman Kevin Gunn is honored by NARUC, receiving the inaugural Barnich Award, recognizing the ongoing commitment of NARUC members to furthering regulatory best practices around the world.

February 27 Kansas City Power & Light Company files an electric rate case with the Commission seeking to increase annual electric operating revenues by approximately \$105.7 million.

February 27 KCP&L Greater Missouri Operations Company files an electric rate case with the Commission seeking to increase annual electric operating revenues by approximately \$83.5 million.

February 29 Commission approves agreement which authorizes the merger of Sigma Acquisition Corporation, Southern Union Company d/b/a Missouri Gas Energy and Energy Transfer Equity, L.P.

March 7 Commission approves agreement which authorizes Missouri-American Water Company to increase annual water operating revenues by approximately \$23.2 million and annual sewer operating revenues by approximately \$725,000. When Missouri-American filed its rate requests on June 30, 2011, it sought to increase annual operating revenues for water and sewer service by approximately \$42.9 million.

March 14 Commission approves agreement which authorizes Atmos Energy Corporation to sell its Missouri natural gas and natural gas transportation systems to Liberty Energy (Midstates) Corp.

April 1 Commission observes National Safe Digging Month, promoting "Call Before You Dig".

April 5 Commission holds "Utility Days" in Kansas City. "Utility Days" are designed to provide the public with information and education in a "one-stop-shop" setting.

STATISTICAL INFORMATION

RATE CASE DECISIONS DURING FISCAL YEAR 2012

ELECTRIC

Date of Order	Case No.	Company	Rate Request	PSC Decision
7/13/11	ER-2011-0028	Ameren Missouri	\$263,000,000	\$172,000,000

STEAM

Date of Order	Case No.	Company	Rate Request	PSC Decision
10/12/11	HR-2011-0241	Veolia Energy Kansas City, Inc.	\$1,379,200	\$1,379,200

WATER & SEWER RATE CASES

Case Number	Company	Effective Date	Increase Requested	Increase Granted
SR-2011-0182	TBJ Sewer Systems, Inc.	9/2/11	\$8,941	\$9,055
WR-2011-0337	Missouri-American Water Company	4/1/12	\$42,900,000	\$24,000,000
SR-2011-0338	Missouri-American Water Company	4/1/12		
WR-2012-0031	Midland Water Company	1/27/12	\$9,200	\$5,633
WR-2012-0163	Taney County Water Company	6/15/12	\$49,000	\$42,468
SR-2012-0263	R.D. Sewer Company L.L.C.	Pending	\$10,380	Pending
WR-2012-0266	Lakeland Heights Water Company, Inc.	Pending	\$3,960	Pending
WR-2012-0267	Oakbrier Water Company, Inc.	Pending	\$2,160	Pending
WR-2012-0300	Empire District Electric Company-Water	Pending	\$516,401	Pending
SR-2012-0309	Meramec Sewer Company	Pending	\$140,000	Pending
SR-2012-0399	House Springs Sewer Company	Pending	\$125,000	Pending
WR-2012-0405	Raytown Water Company	Pending	\$426,951	Pending

STATISTICS

NATURAL GAS UTILITIES STATISTICS Calendar Year 2011 (Missouri Jurisdictional)

Name of Company	Operating Revenues	Mcfs Sold	Residential Customers	Total Customers
Atmos Energy Corporation	\$ 53,139,414	8,696,983	48,900	55,890
Empire District Gas Company, The	\$ 45,984,065	8,492,804	38,051	43,488
Laclede Gas Company	\$ 767,410,001	82,160,116	597,549	638,714
Missouri Gas Energy (1)	\$ 586,312,946	73,108,529	440,361	501,499
Missouri Gas Utility, Inc. (2)	\$ 3,725,826	321,264	2,395	2,484
Southern Missouri Natural Gas (3)	\$ 10,471,054	1,360,925	5,344	8,078
Ameren Missouri (4)	\$ 156,462,307	16,151,948	113,443	126,675
Totals:	\$1,623,505,612	190,292,569	1,246,043	1,376,828

Source: MoPSC FERC Form 2, 2011 Annual Reports (Missouri Jurisdictional)

Notes:

(1) a division of Southern Union Company

(2) a subsidiary of Summit Utilities, Inc.

(3) Southern Missouri Gas Company, L.P. d/b/a

(4) Union Electric Company d/b/a

ELECTRIC UTILITIES STATISTICS Calendar Year 2011 (Missouri Jurisdictional)

Name of Company	Operating Revenues	MWhs Sold	Residential Customers	Total Customers
Empire District Electric Company, The	\$ 418,956,494	4,142,915	123,756	147,219
Kansas City Power & Light Company	\$ 703,138,524	8,747,837	239,105	271,446
KCP&L Greater Missouri Operations Company-L&P	\$ 168,964,002	2,147,684	58,018	65,833
KCP&L Greater Missouri Operations Company-MPS	\$ 555,584,148	6,047,062	215,900	246,851
Ameren Missouri (1)	\$ 2,809,322,426	37,428,457	1,034,548	1,190,478
Totals:	\$4,655,965,594	58,513,955	1,671,327	1,921,827

Source: MoPSC FERC Form 1, 2011 Annual Reports (Missouri Jurisdictional)

(1) Union Electric Company d/b/a

STEAM STATISTICS Calendar Year 2011 (Missouri Jurisdictional)

Name of Company	Operating Revenues	MMBtus Sold	Residential Customers	Total Customers
KCP&L Greater Missouri Operations Company	\$ 16,025,501	2,522,200	0	5
Veolia Energy Kansas City, Inc.	\$ 19,640,246	1,706,699	0	58
Totals:	\$35,665,747	4,228,899	0	63

Source: 2011 Annual Report

STAND ALONE WATER AND SEWER COMPANIES* CALENDAR YEAR 2011

Name of Water Company	Customers	Name of Sewer Company	Customers
Argyle Estates Water System	52	Cannon Home Association	105
Bilyeu Water Company	54	Central Rivers Wastewater Utility, Inc.	228
Empire District Electric Co.	4,579	EMC of St. Charles	20
Environmental Utilities	21	House Springs Sewer Co.	1,178
Evergreen Lake Water Co.	60	M.P.B. Inc.	195
Franklin County Water Co.	184	Meramec Sewer Co.	992
Gascony Water Co., Inc.	170	Mid MO Sanitation	28
I H Utilities	708	Mill Creek Sewer Co. (1)	75
Kimberling City Water Company	94	North Oak Sewer	76
Lakeland Heights Water	105	P.C.B. Inc.	285
Middlefork Water Co. **	2	RD Sewer Co.	164
Midland Water Co.	96	Taney County Utilities Corp.	73
Moore Bend Water Co. (2)	88	Taneycomo Highlands	29
Noel Water Co.	658	TBJ Sewer Systems, Inc.	59
Oakbrier Water Co.	60	Timber Creek Sewer Co.	1,614
Ozark Shores Water Co.	1,856	Village Water & Sewer	239
Public Funding Corp of Ozark	216	Warren County Sewer Co.	35
Raytown Water Co.	6,508	West 16th Street	148
Rex Deffenderfer Enterprises Inc.	1,102	WPC Sewer Co.	68
Riverfork Water Co.	143		
Spokane Highlands Water Co.	48		
Stockton Hills Water Co.	161		
Smithview H2O Co.	153		
Taney County Water Co.	476		
Tri State Utility Co.	3,468		
Village Greens Water Co.	60		
Whispering Hills Water Co.	41		
Whiteside Hidden Acres, LLC	39		
Woodland Manor Water Co.	163		
Total Number of Customers	21,365		5,611

*Active Companies as of 8/1/12. Customer numbers based on most recent data available.

**Middlefork Water Company provides water to Grant City and Standberry, which buy the water wholesale to provide to approximately 2,100 customers.

(1) Operating Under Receivership

(2) Sale/Transfer Pending

STATISTICS

COMBINATION WATER AND SEWER COMPANIES* CALENDAR YEAR 2011

Company Name	Water Customers	Sewer Customers
Brandco Investments	190	190
Calvey Brook	0	0
Emerald Pointe Utility Co.	380	376
Envirowater	0	0
Foxfire	310	213
Gladlo Water & Sewer Co. (1)	63	64
Hickory Hills Water & Sewer Co.(1)	49	49
Highway H Utilities, Inc.	839	283
Holtgrewe Farms Water Co. LLC	0	0
Lake Northwoods Utility Co.	20	20
Lake Region Water and Sewer Co.	646	772
Liberty Utilities	1,448	445
Missouri American Water Co.	449,941	3,236
Missouri Utilities Co. (1)	155	130
Osage Water Co. (1)	418	386
Peaceful Valley Service Co.	166	166
Port Perry Service Co.	292	175
Rogue Creek Utilities (1)	98	98
Roy L Utilities, Inc.	62	57
S K & M Water & Sewer Co.	276	152
Seges Mobile Home Park	59	59
Southtown Utilities Co., Inc.	108	108
Terre Du Lac Utilities Corp.	1,261	1,245
Valley Woods Water Co.	40	32
Willows Utility Co.	181	185
Total Number of Customers	457,002	8,441

*Active Companies as of 8/1/12. Customer numbers based on most recent data available.

(1) Operating Under Receivership

(2) Sale/Transfer Pending

PSC COMMISSIONERS PAST AND PRESENT

COMMISSIONER	LENGTH OF SERVICE	COMMISSIONER	LENGTH OF SERVICE
John M. Atkinson	1913-1916	Frank Collier	1953-1954
William F. Woerner	1913-1914	M.J. McQueen	1954-1956
John Kennish	1913-1917; 1920	D.D. McDonald	1955-1961
Frank A. Wightman	1913-1915	William Barton	1956-1965
Howard B. Shaw	1913-1917	Frank J. Iuen	1959-1963
Edwin J. Bean	1914-1925	Frank W. May	1961-1967
Eugene McQuillin	1915-1917	Donal D. Guffey	1963-1968
William G. Busby	1916-1921	William R. Clark	1965-1975
David E. Blair	1917-1920	Charles J. Fain	1965-1977
Noah W. Simpson	1917-1923	Howard Elliot, Jr.	1967-1970
Edward Flad	1917-1921	Marvin E. Jones	1967-1973
John A. Kurtz	1920-1923	Willard D. Reine	1968-1975
Hugh McIndoe	1921-1923	James F. Mauze	1971-1975
A.J. O'Reilly	1921-1925	A. Robert Pierce, Jr.	1973-1977
Richard H. Musser	1923-1925	James P. Mulvaney	1975-1977
Merrill E. Otis	1923-1924	Stephen B. Jones	1975-1979
Thomas J. Brown	1923-1928	Hugh A. Sprague	1975-1979
D.E. Calfee	1925-1929	Charles J. Fraas	1977-1983
Almon Ing	1925-1933	Leah Brock McCartney	1977-1983
S.M. Hutchinson	1925-1931	Alberta Slavin	1977-1981
J.H. Porter	1925-1933	Stephanie Bryant	1979-1981
James P. Painter	1928-1929	Larry W. Dority	1979-1983
Milton R. Stahl	1929-1933	John C. Shapleigh	1981-1984
J. Fred Hull	1929-1934	Charlotte Musgrave	1981-1988
George H. English	1931-1936	Allan G. Mueller	1983-1996
J.C. Collet	1933-1935	Connie Hendren	1983-1989
William Stoecker	1933-1936	James M. Fischer	1984-1989
W.M. Anderson	1933-1938	William D. Steinmeier	1984-1992
Harry E. McPherson	1934-1935	David Rauch	1989-1993
Sam O. Hargus	1935-1937	Kenneth McClure	1990-1997
John S. Boyer	1935-1941	Ruby Letsch-Roderique	1990-1991
Albert D. Nortoni	1936-1938	Patricia Perkins	1991-1995
John A. Ferguson	1936-1944	Duncan Kincheloe	1992-1997
J.D. James	1937-1942	Harold Crumpton	1993-2000
Marion S. Francis	1938-1941	M. Dianne Drainer	1995-2001
Scott Wilson	1938-1941	Karl Zobrist	1996-1997
Paul Van Osdol	1941-1943	Robert Schemenauer	1998-2001
Frederick Stueck	1941-1943	Sheila Lumpe	1997-2003
Kyle Williams	1941-1952	Connie Murray	1997-2009
Charles L. Henson	1942-1959	Kelvin Simmons	2000-2003
Albert Miller	1943-1944	Bryan Forbis	2001-2003
Richard Arens	1944-1945	Steve Gaw	2001-2007
Agnes Mae Wilson	1943-1949	Linward "Lin" Appling	2004-2008
E.L. McClintock	1945-1967	Robert Clayton III	2003-2011
Morris E. Osburn	1945-1952	Jeff Davis	2004-2011
John P. Randolph	1949-1951	Terry Jarrett	2007-present
Henry McKay Cary	1950-1955	Kevin Gunn	2008-present
Maurice Covert	1952-1953	Robert S. Kenney	2009-present
Tyre W. Burton	1952-1965	Stephen M. Stoll	2012-present

CONTACTING THE PSC

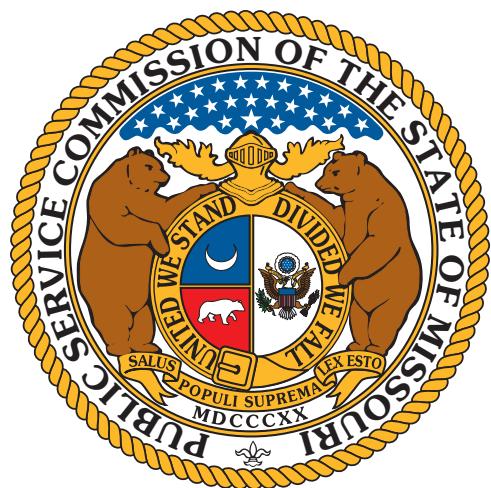
Missouri Public Service Commission offices are located in Kansas City, Jefferson City and St. Louis. The PSC is open from 8:00-12:00 noon and 1:00-5:00 p.m., Monday through Friday, except on state holidays.

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**Manufactured Housing/Modular Unit
Complaints: (800) 819-3180**
Other Business: (573) 751-3234
Fax: (573) 751-1847

St. Louis: Missouri Public Service Commission
111 North 7th Street, Suite 105
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